



ANNUAL REPORT 2019-2020

चौतिसौं वार्षिक प्रतिवेदन २०७६-२०७७



OUR RESPONSE TO CORONA VIRUS PANDEMIC

We convey our good thoughts to everyone impacted by the novel coronavirus outbreaks throughout the world and in Nepal. These are challenging times for everyone but we remain positive that our people and our communities will rebound just like we have after every other crisis. We will all emerge stronger, more resilient and more united than ever.

At Bottlers Nepal (Terai) Limited, we are doing our part to help prevent further spread of the virus, while also supporting the needs of our employees, consumers, customers and communities.

We have and always will put the health, safety and security of people first. Our approach is grounded in our company's purpose, which ensures that we continuously strive to make a difference for the people in our workplace and in our communities.

Bottlers Nepal (Terai) Limited has been closely monitoring the COVID-19 public health emergency and following all the recommendations from World Health Organization (WHO) and the Government of Nepal. We will adapt our efforts and responses as per the need.

We are optimistic that by working together, we can ensure safety and help curtail the spread of coronavirus.

Pradip Pandey
Chief Executive Officer

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To make every Nepali's first choice of refreshment available within easy reach.

VISION



To build a community driven, customer focused, profitable, sustainable and socially responsible business in Nepal.

MISSION

STRATEGIC GOALS OF THE COMPANY

Strategic Goals plays vital role for Bottlers Nepal (Terai) Limited to become an Industry Leader and achieve excellency in various areas:

- Proactively monitor internal and external environmental changes, to acclimatize to the evolving business environment.
- Develop employees as an asset through competency assessment and capability development and provide our people with opportunities to pick right roles and path for their career growth, for ultimate growth of the Company.
- Driving the business forward by continually developing a QSE culture across the organization.
- Relentless effort to drive strong financial growth destined on reasonable return on investment maximizing better use of financial and operational assets and optimum resources utilization through zero base budgeting and workings (ZBW).
- Effective monitoring of market areas and try to respond quickly for business need ahead of Industry Speed.
- Develop cost effective distribution models for upcountry areas.
- Improve the business operation or increase productivity through world standard practices and procedures and also in line with Law of Land, and automation of various processes through latest IT tools at Company Side and also direct stakeholders side; i.e. distributors.
- Contribute to the Nation's socioeconomic development through our local approach to hiring, manufacturing, distribution and sourcing, and through the impact of our sustainability initiatives.

CORE VALUES



ETHICAL PRINCIPLES

We have a long-standing commitment of doing business with integrity, which means avoiding corruption in any form, including bribery and complying with the anti-bribery corruption laws. The Code of Business Conduct and Anti- Bribery Policy provides us guidance on how to conduct business in a fair, ethical and legal manner. All associates of the company are bound to follow the precepts of the Company's Code of Business Conduct, which includes anti-corruption expectations for all employees.





Company Profile

Bottlers Nepal (Terai) Limited (hereinafter referred to as the “Company” or “BNTL”) is a Public Limited Company, with operations spanning over 34 years. The shares of the Company are listed with the Nepal Stock Exchange Limited (NEPSE), and majority of its shares are held by M/s Bottlers Nepal Limited (BNL).

Bottlers Nepal (Terai) Limited is engaged in the production, manufacture, sale, distribution and supply of soft drinks being carbonated non-alcoholic beverages and packaged drinking water under the brand names - Coca-Cola®, Sprite®, Fanta®, Coke-Zero® and Kinley®. The Company along with its Holding Company, Bottlers Nepal Limited are the only authorized bottlers and suppliers of “The Coca-Cola Company” (“TCCC”), in Nepal.

For over 34 years, Bottlers Nepal (Terai) Limited and its holding company have built success on a profound understanding of demand of the consumers. That success is based on a continuous, compelling strategy that leads to sustainable value creation. It is also based on ability to change and adapt. 2076/77 was no exception. High standards of Corporate Governance, strong technical credentials, prudent risk management approach, a culture of dedication and a strong distribution network have been the key driving forces of the Group. The Company is considered as one of the most prestigious multinational companies in Nepal.

It believes the success of the Company depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet

their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

Our objective is to use our Company’s assets, our brands, financial strength, unrivaled distribution system, global reach, and the talent and strong commitment of our management and associates to become more competitive and to accelerate growth in a manner that creates value for our shareowners.



We Represent

A leading bottler

Your Company is the authorized bottler of “The Coca-Cola Company” (“TCCC”), in Nepal and sells more than 13 MM unit cases annually.

It is operating through its bottling plants in Bharatpur. Your Company manages its business responsibly, sustainably, and with a passion to create value for their customers, shareholders, consumers and the communities, they serve.

Capability to execute in the market

Building and maintaining a successful partnership with our customers, is critical to our success. By working with customers to satisfy consumer needs and maximise demand for our products, your Company helps grow its business and its own. Your Company does this by segmenting the market and determining

the most efficient and effective way to service each of the outlets. Your Company is looking to generate joint value in every aspect of its business with each of its customers, ranging from logistics and delivery, to market place execution and sustainability programmes.

Leading brands and a diverse portfolio of beverages

Your Company produces, sells and distributes the world’s most recognised beverage brands. Coca-Cola® Sprite®, Fanta®, Coke-Zero®, and Kinley® are some of the world’s best-selling non-alcoholic ready-to-drink beverages.

A sustainable business

Your Company recognizes that creating shared value for shareholders, employees, consumers, customers and communities are critical to its long-term success. Over the last

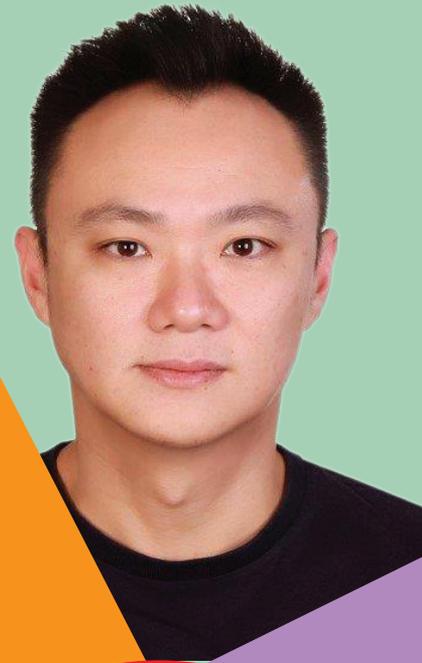
decade, your Company has integrated corporate social responsibility and sustainability into all aspects of its business management with long-term investments that aim to build value over time. More recently, your Company established a business resilience programme that enhances its approach to risk management and contingency response programmes.

Lean manufacturing footprint

Your Company has been able to cater to the increased market demand through its existing manufacturing plant through efficient manufacturing operations. Your Company believes there is ample scope to achieve further efficiencies, particularly in Nepalese market.



Board of Directors



Ms. Shukla Wassan
(Chairperson)

Ms. Wassan is FCS (Fellow Company Secretary) from the Institute of Company Secretaries of India, LL.B., B. Com (Hons) with a total experience of over 37 years. She has been a Director and Chairperson of the Company since 4th December, 2014. She is also a Chairperson in Bottlers Nepal Limited, its Holding Company.



Mr. Mohamed Amin Ghoneim
(Director)

Mr. Ghoneim holds a Bachelor of Commerce in Accounting with a total experience of over 28 years. He has been nominated as a Director & Chairman of the Audit Committee of the Company w.e.f 2nd July, 2019. He is also a Director in Bottlers Nepal Limited, its Holding Company.



Mr. Melvin Tan Chun Pin

(Director)

Mr. Melvin holds Bachelors of Arts and two Honours in Accountancy and Financing Management with experience over 20 years. He is the Director of the Company since 21st April, 2020. He is also a Director in Bottlers Nepal Limited, its Holding Company.



Mr. Gunjan Dhawan

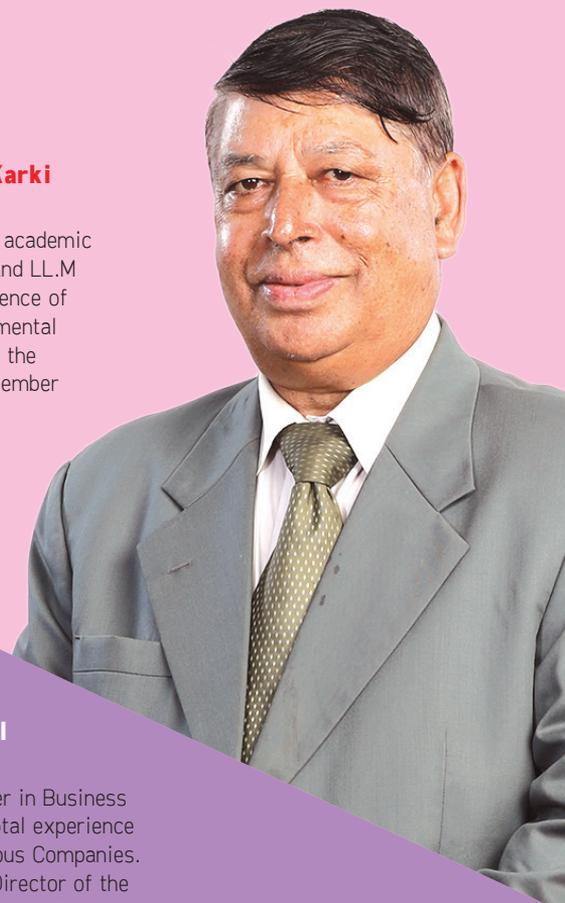
(Director)

Mr. Gunjan Dhawan holds MFC with a total experience of over 22 years. He was appointed as the Director of the Company from 23rd November, 2016.

Mr. Pramod Kumar Karki

(Independent Director)

Mr. Karki holds multiple academic degrees including M.A. and LL.M with a total work experience of over 37 years in governmental jobs. He is a Director of the Company since 13th December 2012.



Mr. Surendra Silwal

(Director)

Mr. Silwal holds a Master in Business Administration with a total experience of over 24 years in various Companies. He was appointed as a Director of the Company from 27th June, 2017. Earlier, he was an Alternate Director to Mr. Soren Lauridsen since 14th September, 2012. He is also a Director in Bottlers Nepal Limited, its Holding Company.

Mr. Neeraj Rimal

(Director)

Mr. Rimal holds Bachelors in Business Studies. He has over a decade of working experience in commercial function. He is a Director of the Company since 12th January, 2019.





Letter From Chairperson



We remain confident in navigating through the crisis, helping society rebuild and recover, and ultimately build a stronger and even more sustainable business for the future.

Dear Shareholders,

As we all are aware, the whole world is coping with the devastating effects of the Coronavirus (COVID-19). I would like to wish all of you and your loved ones safety and good health. My thoughts goes out to those who have unfortunately lost the battles to this virus and wish an early recovery to those who are afflicted by this disease.

Because of the current situation and abiding by the Government instruction to maintain social distancing, we are organizing this Meeting virtually and I thank you for taking your time to attend this first ever virtual Annual General Meeting.

From the business perspective, this was a year that tested all assumptions; on how markets and supply chain function in an age of global interdependency and what it means to truly deliver to consumers, customers, and communities and how companies can and should operate during a crisis. In such a challenging environment, your Company has truly anchored to its purpose and values. We are in the business for the last 34 years and have faced unprecedented challenges over the years including the Earthquake, Economic Blockade and now the Pandemic. We have and we will sail through this crisis with the support of our most passionate workforce and loyal customers and consumers. With the dedication and hard work of our team, we have ensured safe production and delivery of our products to the Stores and Communities during these difficult times. From a financial point of view, FY 2076-77 was a challenging year, and the Company made a profit of NPR 5.6 Million only. However, your Company has taken drastic measures to maintain cash flows and maximize sales. We have safeguarded your Company with enough cash flow to pay all our due debts and employees' salary for the likely duration of COVID -19 crisis. Despite the challenging times, we are confident that in the upcoming years, we will bounce back to counter any adversity with more vigour and strength.

Your Company is embracing the new normal and pivoting the business to take advantage of emerging omni-channel opportunities and create value for our investors and customers. We remain confident in navigating through this crisis, helping society rebuild and recover and ultimately build a stronger and even more sustainable business for the future.

We are truly grateful to our customers, consumers, partners and Government, who have shown their support during these trying times. Last but not the least, I would like to thank our shareholders again, for placing your overwhelming trust, support and confidence in Bottlers Nepal (Terai) Limited.

Stay Safe. Stay Healthy.

Warm regards,

Shukla Wassan

Date: 30th November, 2020

Management Committee



HARI SHARMA NEUPANE
(Regional General Manager-BNTL)



PRADIP PANDEY
(Chief Executive Officer)



K. DURAI MURUGAN
(Country Supply Chain Manager)



RAJNISH SHARMA
(Country Commercial Manager)



ABHISHEK SINGH
(Country Sales Manager)



SACHIN SHRESTHA
(Country Manager-Key Accounts)



SHAMBHU PRASAD KOIRALA
(Country Human Resources Manager)



IRINA KARKI GURUNG
(Country Public Affairs,
Communication and
Sustainability Manager)



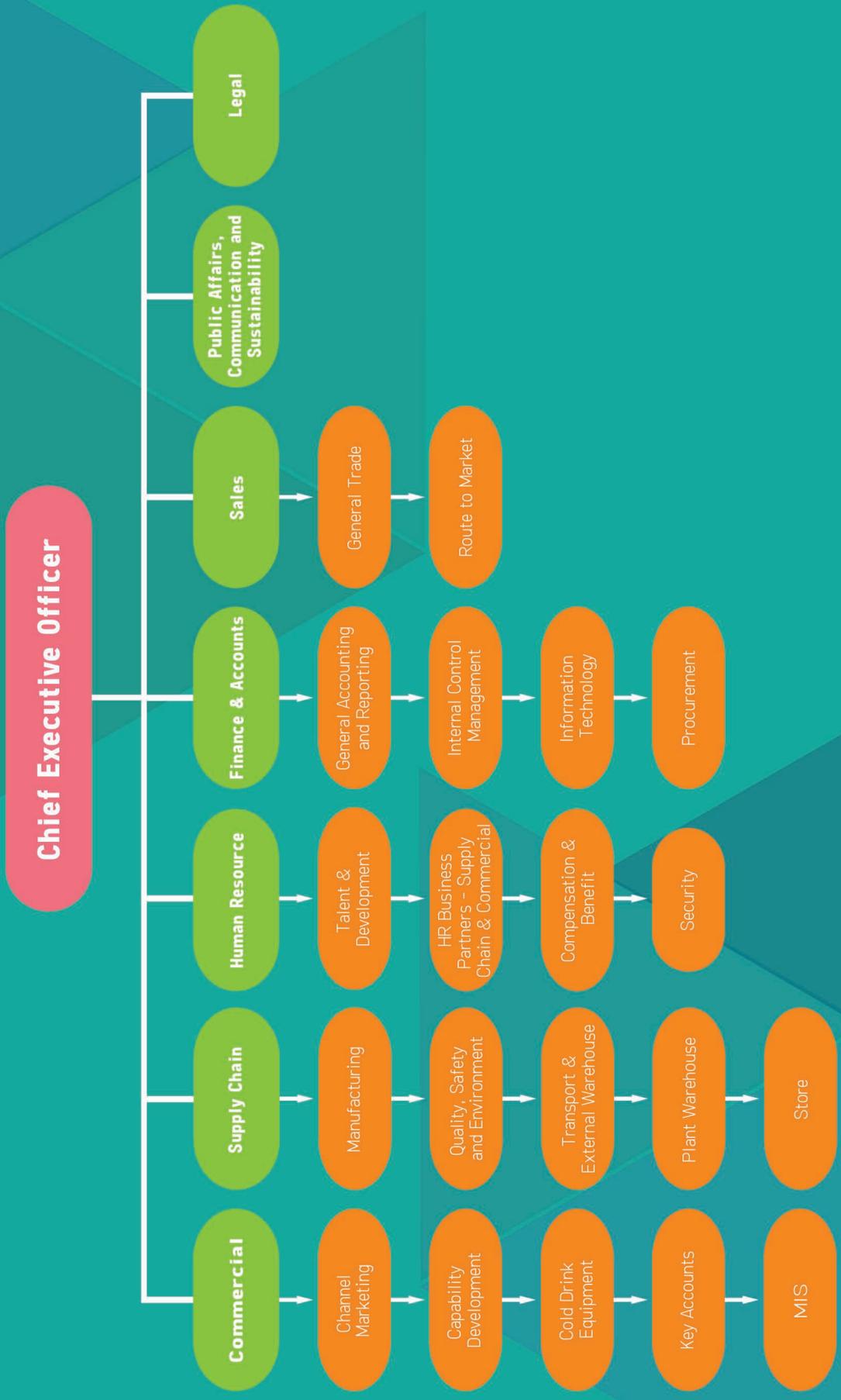
PRATIMA BURMA
(Company Secretary and Legal Manager)

The overall Company Management is led by Chief Executive Officer (CEO) and Country Leadership Team.

Note: 1. The post of Country Finance Manager is vacant and is yet to be filled in.

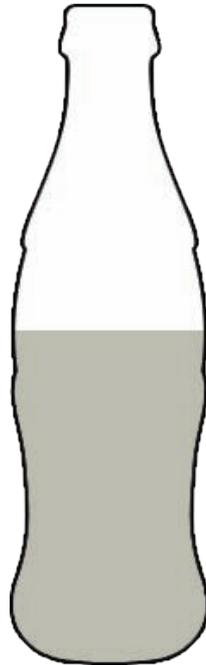
2. The aforementioned details is as on July 15, 2020 (FY 2076/77)

Organizational Structure



Note: This Organizational Structure keeps evolving based on organizational strategies and needs.

Performance Highlights

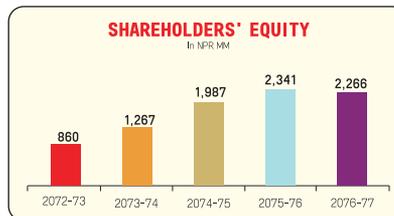
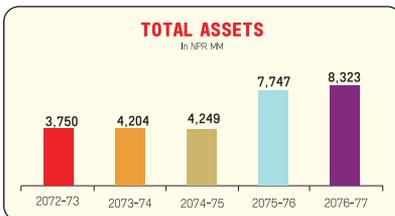
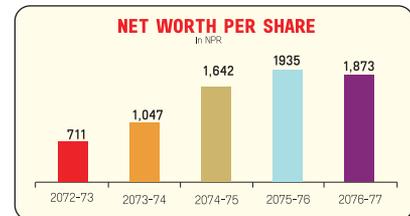
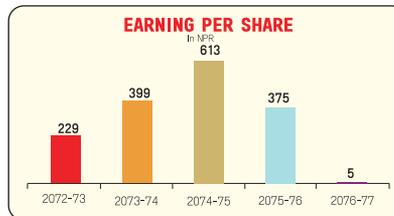
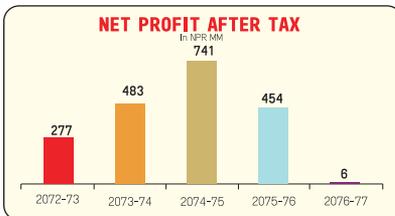
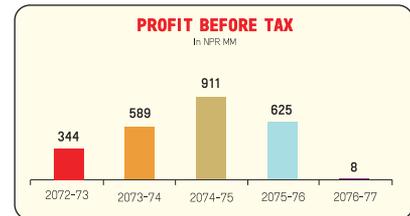
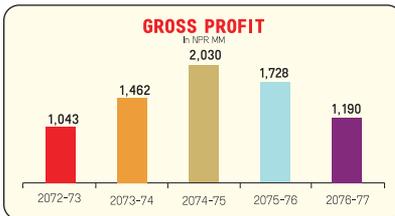
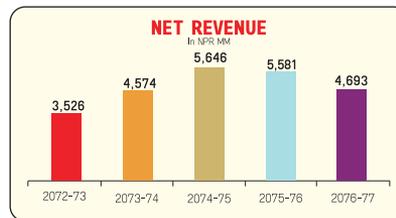
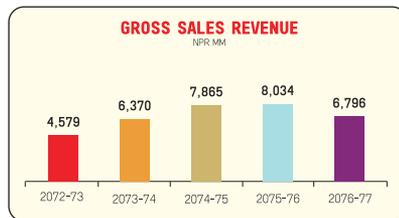


NET REVENUE
2076/77
Rs. 4,693MM
2075/76 **Rs. 5,581 MM**
↓ 16%

PROFIT BEFORE TAX
2076/77
Rs. 8MM
2075/76 **Rs. 625 MM**
↓ 99%

PROFIT AFTER TAX
2076/77
Rs. 6MM
2075/76 **Rs. 454 MM**
↓ 99%

EPS-BNTL
2076/77
Rs. 5
2075/76 **Rs. 375**
↓ 99%



Financial Analysis

Figures in NPR

Vertical Analysis					
Particulars	For the year 2076-77	For the year 2075-76	For the year 2074-75	For the year 2073-74	For the year 2072-73
Revenue	4,693,349,428	5,581,385,389	5,658,415,620	4,574,001,380	3,525,802,032
Gross Profit	1,190,294,118	1,728,037,237	2,042,011,123	1,461,946,129	1,043,437,612
Earning before Interest, Depreciation and Tax (EBIDT)	844,053,817	1,101,715,532	1,244,708,108	926,739,835	703,041,105
Operating Profit	291,242,664	668,428,859	941,708,646	649,898,602	446,940,032
Profit Before Tax	8,258,244	624,664,353	911,342,615	589,306,378	343,582,201
Profit After Tax	5,629,707	453,542,784	741,329,079	482,622,709	276,708,392
Earning Per Share	5	375	613	399	229
Horizontal Analysis					
Particulars	Year Ended 2077	Year Ended 2076	Year Ended 2075	Year Ended 2074	Year Ended 2073
No. of Shares	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
Total Assets	8,323,076,209	7,746,715,786	4,249,163,646	4,203,845,356	3,749,916,910
Plant Property and Equipment	6,158,935,286	6,076,197,779	2,887,897,469	2,776,232,218	2,611,062,810
Current Assets	2,108,679,212	1,623,645,895	1,303,361,022	1,355,337,901	1,137,027,955
Long Term Borrowing	1,700,407,009	958,958,221	-	-	376,000,000
Current Liabilities	3,891,593,039	3,980,054,228	1,889,639,986	2,588,696,537	2,244,911,573
Debt	3,945,980,517	2,558,248,457	496,608,770	810,574,979	1,354,743,136
Shareholder equity	2,266,050,786	2,340,948,429	1,987,033,423	1,266,778,572	860,206,200
Capital Employed	3,966,457,795	3,299,906,650	1,987,033,423	1,266,778,572	1,236,206,200
Ratio Analysis					
Particulars	Year Ended 2077	Year Ended 2076	Year Ended 2075	Year Ended 2074	Year Ended 2073
Gross Profit Ratio	25%	31%	36%	32%	30%
Operating Profit Ratio	6%	12%	17%	14%	13%
Profit Before Tax Ratio	0.2%	11%	16%	13%	10%
EBIDT Ratio	18.0%	19.7%	22.0%	20.3%	19.9%
Current Ratio	0.5	0.4	0.7	0.5	0.5
Debt Equity Ratio	1.7	1.1	0.2	0.6	1.6
Assets Turnover Ratio	1.8	1.4	0.8	0.9	1.1
Return on Equity	0.2%	19%	37%	38%	32%
Return on Total Assets	0.1%	6%	17%	11%	7%
Earning Per Share	5	375	613	399	229
Market Value Per Share (NPR)	6,200	6,890	6,813	6,085	5,936
Price Earning Ratio	1,240	18.4	11.1	15.3	26.0
Net Worth Per Share (NPR)	1,873	1,935	1,642	1,047	711
Return on Capital Employed	7%	20%	47%	51%	36%

Statement of Value Added

Value Created: Your Company creates value for its stakeholders and business by carefully managing the use of and return on all capitals, or inputs.

Net Profit

NPR 5 MM (PY NPR 454 MM)

Contribution To National Treasury

NPR 1,827,687,482/-

Total Corporate Social Responsibility Spends

NPR 1,543,046/-

Direct Employment

Company	No. of Employees
BNTL	332

Value Shared with: By running a sustainable and responsible business, we create value which is subsequently retained by our business, making it stronger and shared with all of our stakeholders.

Total Payment made to Employees as Bonus

NPR 63,136,186/-

Shareholders	Through the process of managing all inputs to our business well, we create profits which benefit shareholders through dividend payments and share value.
Suppliers	As we create value, we support business throughout our value chains and support job creation beyond our business.
Customers	Our efforts to produce products efficiently and responsibly builds value for our customers' businesses.
Communities	When our business is sustainable and responsible, the communities where we operate benefit through job creation, tax payments to governments, useful products and services and minimisation of environmental impact.
Consumers	We offer a range of beverages to satisfy evolving consumer preferences and active healthy lifestyles.
Employees	Developing, recognizing and rewarding our people secures a skilled and motivated workforce.

BEING CONSUMER CENTRIC MARKETING CAMPAIGNS

The Coca-Cola Company (TCCC) is committed to the Responsible Marketing of its brands. In 2076-77, we continued our longstanding, Global Responsible Marketing Policy, which includes not placing any of our brands' marketing in media that directly targets children under 12. This includes television shows, print media, websites, social media, movies and SMS/email marketing. In addition to media placement restrictions, we do not develop creative marketing material that primarily appeals to children under 12, regardless of where the material will be placed.

Carbonated beverages of your Company continue to be the most preferred beverages in Nepal resulting in a strong market presence during the FY 2076/77 as well. Some of the important marketing initiatives during the year under review, are as detailed below:

Coca-Cola Cap Ma Car Offer

(6th August 2019- 14th September, 2019)

Your Company started the Coca-Cola Cap Ma Car Offer from 6th August 2019 till 14th September 2019 in 1L, 1.5L and 2.25L pack size wherein one consumer got a chance to win Tata Tiago car and many other consumers got a chance to win LG LED TV.



Other Events and Festival Activation

Your Company actively participated in many local events and festivals across the country like Holi, Goru Judai, Janai Purnima, Shalinadi Mela etc and events like REBAN Food Festival, Damak Food Festival, Valentine's Day, New Year's Events, Christmas, Prime Minister Cup etc. Some glimpses of the events and festival participation are as follows:



Corporate Governance

Our Commitment to Corporate Governance

Your Company believes that sound corporate governance practices are essential to create sustainable value and to safeguard the interest of stakeholders. Our commitment to best practices in Corporate Governance plays a key role in managing our risks and opportunities and maintaining the trust of our stakeholders. Over the years, your Company has strengthened the governance structure, practices and processes to meet.

Board of Directors

The Board of Directors is appointed by Shareholders to oversee the interest in the long-term health and overall success of the business and its financial strength. The Board of the Company has ultimate responsibility for direction, performance and long-term success of our business as a whole.

The Board appoints the Chief Executive Officer, who is charged by the Board with conducting the business of the Company.

The Management Committee of the Company is headed by Chief Executive Officer and has function heads as its members, who looks after the management of the day to day affairs of the Company.

Compliance with Good Governance Directives for Public Listed Companies 2074

As required under the Directives, the Board has designated Ms. Pratima Burma, who is also a Company Secretary as Compliance Officer. Your Company has prepared the Annual Corporate Governance Report for FY 2076-77 as per the prescribed format of Securities Board of Nepal (SEBON) and submitted to SEBON.

Composition

The Board of Directors comprises such number of directors as the Board deems appropriate to function efficiently as a body, subject to the Company's Article of Association. The Board comprises of Independent Directors and non-Executive Directors (including representation from public shareholders) and the Board considers this to be the appropriate structure.

During the year, the Board continued with its strength of 7 (seven) Members comprising of all 7 (seven) Non-executive Directors, who essentially have a supervisory role in the Company. The details of each member of the Board along with the number of shares held in the Company and date of joining the Board are provided herein table below.

Board Independence

Name	Date of Joining the Board	No. of Shares held in the Company
Non-Executive Chairperson		
Ms. Shukla Wassan	4th December, 2014	Representing Bottlers Nepal Limited.
Non-Executive Directors		
Mr. Mohamed Amin Ghoneim	2nd July, 2019	Representing Bottlers Nepal Limited.
Mr. Melvin Tan Chun Pin*	21st April, 2020	Representing Bottlers Nepal Limited.
Mr. Gunjan Dhawan	23rd November, 2016	Representing Bottlers Nepal Limited.
Mr. Surendra Silwal (Alternate Director: Mr. Amar Baidya)	27th June, 2017	Representing Bottlers Nepal Limited.
Mr. Neeraj Rimal	12 January, 2019	Representing Public Shareholders.
Independent Director		
Mr. Pramod Kumar Karki	13th December, 2012	N/A

* Note: Sundeep Bajoria's nomination was withdrawn on 9th April, 2020 and in his place Mr. Melvin Tan Chun Pin was nominated as Director w.e.f 21st April, 2020.

Board Meetings

The Board meets at regular intervals to discuss and decide on various transactions of the company. The notice of the Board Meeting is given well in advance to all the Directors. The agenda and other relevant documents is circulated 10 days prior to the date of the meeting to ensure adequate and active discussion on the agenda(s) before arriving at the decisions.

During the year under review, a total of six (6) meetings of the Members of the Board were convened. The maximum interval between any two meeting was well within the maximum allowed gap of three months.

Board Evaluation

In terms of the requirement of Good Governance Directives for Public Listed Company, 2074, annual performance evaluation of the Board is undertaken where the Board assess its own performance in order to improve the effectiveness of Board and Committees.

The Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole and Self-Evaluation of the Directors. The exercise was led by the Chairman. The Evaluation process focused on various aspects of the functioning of the Board and Committees such as improving Board effectiveness, performance of Board Committees, Board knowledge session etc. Separate exercise was carried out to evaluate the self- performance of individual Directors on parameters such as contribution, knowledge and skills etc.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company. The Board has three Committees evaluating every activities of the Company.

Audit Committee

The Board has reformed an Audit Committee with defined terms of reference on 1st July, 2019. The duties and responsibilities of the Audit Committee are in congruence with the framework defined by the Companies Act 2063 (2006) and Good Governance Directives for Listed Companies, 2074. The Audit Committee is constituted with Non-Executive Directors; hence, all the Members

"Bottlers Nepal (Terai) Limited continues to focus on its ultimate goal of refreshing the consumers of Nepal through all times.

The Company is well-versed in navigating through challenging times and the team has managed to rise to the occasion even when asked to work differently. The Board of Directors appreciate and applaud all the hard work and effort of our management team that continue to thrive for success. As a company, we are proud and confident of the fact that we have the power to rise above any situation and deliver the best results, no matter the circumstances."

Pramod Karki
Independent Director

of the Committee, including the Chairman, are Non-Executive, ensuring complete independence of the Committee. The Audit Committee comprises three members. The composition of the Audit Committee as at the end of the Fiscal Year 2076-77 was as below:

Mr. Mohamed Amin Ghoneim- Chairman
Mr. Melvin Tan Chun Pin- Member
Mr. Surendra Silwal- Member

*Mr. Melvin Tan Chun Pin was appointed as Member of Audit Committee w.e.f 21st April, 2020 replacing Mr. Sundeep Bajoria.

Below are the terms of reference of Audit Committee Meeting:

- a. To review the accounts and financial statements of the Company and ascertain the truth of the facts mentioned in such statements.
- b. To review the internal financial control system and the risk management system of the Company.
- c. To supervise and review the internal auditing activity of the Company;
- d. To recommend the names of potential auditors for the appointment of the auditor of the Company, fix the remuneration and terms and conditions of appointment of the auditor and present the same in the general meeting for the ratification thereof.
- e. To review and supervise as to whether the auditor of the Company has

observed such conduct, standards and directives determined by the competent body pursuant to the prevailing law as required to be observed in the course of doing auditing work.

f. Based on the conduct, standard and directives determined by the competent body pursuant to the prevailing law, to formulate the polices required to be observed by the Company in respect of the appointment and selection of the auditor.

g. To prepare the accounts related policy of the Company and enforce, or cause to be enforced, the same;

h. Where any regulator body has provided for the long term audit report to be set out in the audit report of the Company, to comply with the terms required to prepare such report.

- i. To perform such other terms as prescribed by the Board of Directors in respect of the accounts, financial management and audit of the Company.
- j. To ensure that the accounts book, audit report, balance sheet or financial statement of accounts are maintained according to prevailing laws and as per the directive issued by the governing authority or as per the rules and regulation of the institution.
- k. To review the financial details of the Company and thereafter, to ensure that the evidences mentioned in the details are true and fact,
- l. To ensure that the work of internal auditing is effective and is executed and accomplished in an independent way.
- m. To monitor and ensure that the accounts, budget, internal control systems are properly and regularly maintained.
- n. To ensure that the accounts book, documents of internal audit record system or electronic record of auditing are kept in proper way.
- o. To provide opinion on the subject instructed by Board of Directors
- p. To ensure that the Company has followed the direction given by the governing authority or not.

- q. To inspect, monitor and ensure the purchasing system of the Company are appropriate and economical.
- r. To perform such or any other additional duties and responsibilities that may be ancillary and have financial implication on the Company to the aforementioned duties.

During the Fiscal year 2076-77, the Members of the Audit Committee met three times i.e., on 23rd September, 2019, 22nd January, 2020 and on 16th June, 2020 for reviewing the financial statement of the Company including Internal Financial Control and Risk Management and other financial issues.

Risk Management Committee

The Board has formed a Risk Management Committee with defined terms of reference. The duties and responsibilities of the Risk Management Committee are in congruence with the framework defined by Good Governance Directives for Listed Companies, 2074. The composition of Risk Management Committee at the end of the fiscal year 2076-77 was as below:

Mr. Pramod Kumar Karki- Chairman

Mr. Gunjan Dhawan- Member

Mr. Mohamed Amin Ghoneim- Member

Below are the terms of reference of Risk Management Committee Meeting:

- To oversee the implementation of Risk management Systems and Framework;
- To assess risk and procedures to minimize the same;
- To frame, implementing and monitoring the risk management plan for the Company.

- During the Fiscal year 2076-77, the Members of Risk Management Committee met Two (2) Times i.e., 21st April, 2020 and on 9th July, 2020.

Property And Liability Committee

The Board has formed a Property and Liability Committee with defined terms of reference. The duties and responsibilities of the Property and Liability Committee are in congruence with the framework defined by and Good Governance Directives for Listed Companies, 2074. The composition of the Property and Liability Committee as at the end of the Fiscal Year 2076-77 was as below:

Mr. Mohamed Amin Ghoneim- Chairman

Mr. Gunjan Dhawan- Member

Mr. Surendra Silwal- Member

Below are the term of reference of Property & Liability Committee Meeting:

- To review the ownership documents of the property of the Company.
- To conduct due diligence of whether those properties are duly registered and the statutory dues in the form of duties and taxes has been paid to the concerned authorities.
- To ensure that the properties of the company are adequately insured.
- To review whether there is any pending litigation on the property of the company.
- To review contingent liabilities of the Company.

During the Fiscal year 2076-77, the Members of Property and Liability Committee met once on 9th July, 2020.

Attendance of Director at Board and Committee Meetings

The attendance of the Board and Committee Members are as per below:

Board Members	Designation	Board Meeting	Audit Committee Meeting	Risk Management Committee	Property & Liability Committee
Ms. Shukla Wassan	Chairperson	6 (out of 6)	N/A	N/A	N/A
Mr. Mohamed Amin Ghoneim	Director	6 (out of 6)	3 (out of 3)	2 (out of 2)	1 (out of 1)
Mr. Sundeep Bajoria*	Director	3 (out of 3)	2 (out of 2)	N/A	N/A
Mr. Melvin Tan Chun Pin	Director	3 (out of 3)	1 (out of 1)	N/A	N/A
Mr. Gunjan Dhawan	Director	6 (out of 6)	N/A	2 (out of 2)	1 (out of 1)
Mr. Surendra Silwal*	Director	4 (out of 6)	3 (out of 3)	N/A	0 (out of 1)
Mr. Neeraj Rimal	Director	5 (out of 6)	N/A	N/A	N/A
Mr. Pramod Kumar Karki	Independent Director	6 (out of 6)	N/A	2 (out of 2)	N/A

* Sundeep Bajoria's nomination was withdrawn on 9th April, 2020 and in his place Mr. Melvin Tan Chun Pin was nominated as Director w.e.f 9th April, 2020.

Details of Remuneration to the Non-Executive Directors

The details of remuneration paid to the Executive Directors for the fiscal year ended 15th July, 2020 are provided hereinafter:

Name	Sitting Fees (In NPR)
Shukla Wassan	60,000
Neeraj Rimal	75,000
Pramod Kumar Karki	120,000

Note:

- Except Independent Director, Chairperson and Director representing Public Shareholder, all other Directors have waived their sitting fees.
- The sitting fees for serving on Committee and Board Meeting is NPR 15,000 (Fifteen Thousand) per sitting.

Internal Controls

The Company has robust system for Internal Control and Risk Assessment. The Audit Committee of your Company has been instrumental in ensuring that the Company has all adequate systems of financial control in place. The Audit Committee periodically conducts review of the effectiveness of Internal Control Systems and oversees the design of our Internal Control Systems along with the effectiveness of the Internal Audit Function throughout the year. The Audit Committee of your Company reviews the Internal Audit reports containing details of the audit coverage, compliance to the laws, regulations, established policies and procedures.

The Company has adopted a "Chart of Authority (COA)" defining financial and other authorization limits and setting-up procedures for approving capital and investment expenditures. The Group has a strong internal control framework which is supported by risk & control matrix, Standard Operating Procedures, Policies, Guidelines, Governance Capsules and Self-Assessment exercised. These internal control frameworks are routinely tested by Statutory Auditors, Internal Auditors, Lawyers as well as Internal Assurance Team. Significant audit observations and follow up actions thereon are reported to the Management and Board of Directors.

Enterprise Risk Management

Bottlers Nepal (Terai) Limited has implemented the Enterprise Risk Management System (ERM). It broadly covers Strategic & Reputational Risk, Sustainable Risk, People Risk, Operational Risk including Demand & Supply Chain Risk, Catastrophe Risk, Pandemic Risk, Political & Regulatory Risk and Macro/Economic Risk. The approach also includes managing risks through the process of thorough risk identification along with identifying and supporting risk owner. It further includes detailed assessment considering severity of risks and provide ranking based likelihood and consequences of identified risks, mitigation through right approach and periodic monitoring of the risks associated with the activities being carried out by the different Functions across the Company. It also assesses the hygiene/health of actions/approach to mitigate the risks. Risk Tracker has been maintained with risk categories based on risk weightage, regularly updated, and detailed action taken/considered as required and situation changes based on work done noted and monitored on a periodic

basis and flagged/reported to the Committee. A Risk Management Committee has been formed at Board level for monitoring the risk management activities flagged, for effective risk management in the Company.

The assets of the Company are adequately insured against Operation Risk (covering Fire and allied perils, Company Assets, Transit, Money, Fidelity, Burglary etc.) and Revenue Risk (covering Loss of Profit, 3rd party liability through Combined General Liability Policy and also covers Directors & Officers Liability). The repair and maintenance work of power plants and distribution lines have been carried out timely as per the maintenance schedule. Good relation is maintained with the local plant community within the project vicinity.

COMPANY POLICIES

Code of Business Conduct

Your Company conducts its business with integrity and high standards of ethical behaviour, and in compliance with the laws and regulations that governs its business. Your Company has well established Code of Business Conduct that expects all employees to act transparently and with integrity. Mandatory training, availability of Ethics Line to report issues and, robust mechanism to investigate and take appropriate action ensures that values of Code of Business Conduct are put into practice. Your Company has Code of Business Conduct Training Program designed and trainings are imparted to the employees in person and web-based training in compliance with the principles laid down under Prevention of Corruption Act, 2002, The Foreign Corrupt Practices Act (FCPA), 1977 and UK Bribery Act, 2010.

Global Anti-Bribery Policy

Our Global Anti-Bribery Policy establishes the limitations we must adhere to when interacting with officials of various governments around the world. The policy provides information about anti-bribery laws in order to avoid inadvertent violations. Our Code of Business Conduct for Suppliers also includes similar expectations regarding bribery for business partners. Your Company conducts periodic anti-bribery assessments and audits of our business to raise overall awareness, detect potential misconduct and monitor compliance with anti-corruption laws and policies.

Your Company aims to lead by example and to learn from experience. Your Company sets high standards for its people at all levels and strive to consistently meet them. Your Company's sound business principles and practices foster its strong, innovative and collaborative culture, which is committed to ethical behavior, accountability and transparency.

Your Company is guided by its established standards of corporate governance and ethics. Your Company reviews its systems to ensure to achieve international best practices in terms of transparency and accountability.

Ethics Codes and Principles for Non-Employee Directors and Suppliers

Non-employee directors are bound by a Code of Business Conduct for Non-Employee Directors that reflects the same principles and values as our employee Code, but focuses on matters of most relevance to non-employee directors. Our Supplier Code of Business Conduct and Supplier Guiding Principles set baseline expectations for how our suppliers conduct their business.

Sensitization of importance of our Code of Business Conduct and Anti-Bribery Policy through awareness program



Corporate Social Responsibility

Growing Sustainably

The Coca-Cola Company's view is holistic and inclusive of sustainability for people and the planet. In line with it, your Company strongly believes that the greatest impact is achieved through partnerships across what we call the golden triangle of government, private sector, and civil society. Your company prioritizes sustainability as an essential part of its Policies. The business initiatives are consciously linked with the sustainability initiatives, and highlights of the initiatives by your company are stated as below:

A. SUSTAINABLE ENVIRONMENTAL EFFORTS

WATER STEWARDSHIP

Water being the key ingredient for your products, your company feels a deep sense of responsibility to be a steward of the water sources that sustains the business and the community at large. There are ongoing efforts to conscientiously return an equal amount of water that is used in the finished beverages and their production.

INNOVATIVE SOLUTIONS FOR WATER MANAGEMENT:

Due to high urbanization in Nepal, water crisis has become a perennial problem, especially in the urban areas. Sustainable water management has become a very important aspect of the community. Rainwater harvesting and ground water recharge is proving to be the best solution

for access to water and improved water management, specifically in urban locations. Conserving Natural resources is another important component of Water Stewardship that your company is focusing on, with the help of The Coca-Cola Foundation. For efficient water management from initial sources to urban areas, your company has partnered with

expert organizations, such as WWF Nepal, WaterAid and SmartPaani, for innovative solutions. This year your company has initiated two Rainwater Harvesting and Ground Water Recharge projects in Kathmandu valley, which will lead to solutions in reduction of urban flooding, while over 78,000 KL of water will be recharged every year.



WORLD WITHOUT WASTE (WWW):

The Coca-Cola Company announced an ambitious environmental program in 2018 with an aim to solve the packaging problem in the world by collecting and recycling the equivalent of 100% of the packaging it sells by 2030. In line with the strategic focus on recycling and waste management, with the support of The Coca-Cola Foundation, two impactful projects, Nagarmitra & Recycler Saathi are in the process of recovering PET waste from the market. These two projects collaborate with the local municipalities, business establishments, citizens & waste pickers to emulate a multi stakeholder approach towards finding a solution to recycle PET waste in Nepal.



Coca-Cola in Nepal continuously supports other waste management initiatives, including collaborations with youth led organization. Support was extended to National Youth Council for a Cleanup Campaign marking World Tourism Day in all 77 districts of the country mobilizing over 3,500 youth. Additionally, Coca-Cola in Nepal is amplifying the WWW initiative

by encouraging new partners for innovative solution to reuse and recycle plastics endlessly in a closed loop system. Going forward your company will be focusing on creating awareness and educating the community on Plastic Waste Management, so that they never become waste.

COCA-COLA SUPPORTS WASTE MANAGEMENT AT CHITWAN NATIONAL PARK:

Giving continuity to supporting the initiative of keeping Chitwan National park as the Country's first plastic-free protected area, your company extended a helping hand with 25 large PET bottle collection bins to the Chitwan National Park authorities, in close coordination with WWF Nepal. The initiative had started in January 2019 led by the Ministry of Forests and Environment, implemented by Chitwan National Park with the support of Nepal Army, WWF Nepal, Himalayan Climate Initiative, Coca-Cola in Nepal, National Trust for Nature Conservation, local buffer zone communities and tourism entrepreneurs.

B. ENHANCING LIVELIHOODS**1. Community Well being**

With an aim to create a better learning environment in schools and assist young children become agents of change in our society, your company has supported underprivileged students from the Plant Community with access to education and with a supply of educational materials. Distribution of bins for better waste management and plantations in the surroundings are other support to the community within close vicinity of the plant.





2. Women Empowerment:

The Coca-Cola Company believes that women hold economic potential and are equal contributors to the world's shared success. The Coca-Cola Company focuses on empowering women in the workplace and beyond through all its strategic approaches. Putting this in action, your company has been imparting Shopkeeper Training and Resources "STAR" Program as a part of its global initiative 5by20, that aims to economically empower 5 million women across the value chain by the year 2020. Till date 5,200 women across the country have benefitted from this initiative in Nepal.

3. Youth Connect

The Coca-Cola Company continues to boost youth participation in efforts for them to be independent and socially responsible. Realizing that Youth are an integral part of a Nation's success; Coca-Cola in Nepal supports youth programs by partnering with youth-led organizations such as Nepal Youth Council, AIESEC Nepal & GLOCAL. The Company has been supporting to organize grass root level provincial conferences in all 7 provinces, youth centric discussions in colleges and events like "Action for SDGs 2019", with major objective to build the leadership capacity of scattered youths by integrating their strengths to achieve sustainable developments goals at the local and national level. These initiatives have been able to empower and encourage over 5,000 youths across the county so far.



C. DISASTER RELIEF

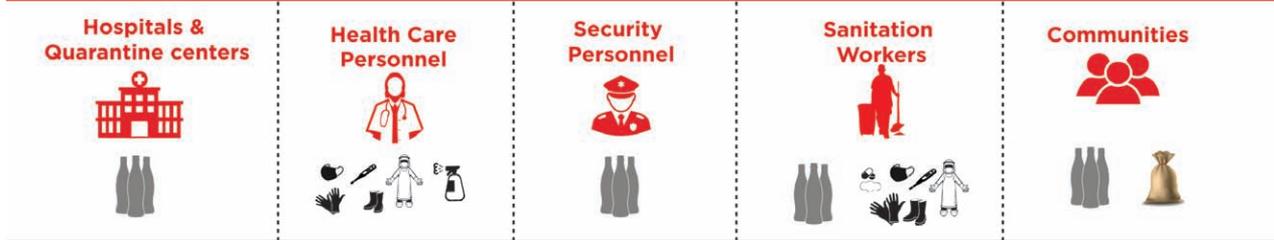
COVID-19 RESPONSE

The spread of COVID-19 disrupted several lives, livelihoods and communities in Nepal especially of the daily wage earners. To support the vulnerable and the impacted communities, The Coca-Cola Company and the Foundation have swiftly responded with various initiatives in Nepal. The two projects funded by TCCF are:

I. Waste Workers Emergency Relief Project (WWERP)

II. COVID-19 Preparedness and Response PPE Plan for health workers and frontline workers.

Our Response to COVID-19



WASTE WORKERS EMERGENCY RELIEF PROJECT (WWERP):

The Company teamed up with its existing recycling partner CREASION to provide timely and relevant awareness to waste workers, dignity kits for women in the Waste Sector, basket fund to ensure supply of medical equipment and food materials for them and their families, and provision of safety gears including Personal Protective Equipment (PPE). The project commenced during the peak of the Nationwide lockdown and through this initiative, more than 3,200 waste workers were benefited.

COVID-19 PREPAREDNESS AND RESPONSE PPE PLAN FOR HEALTH WORKERS AND FRONTLINE WORKERS:

Coca-Cola in Nepal partnered with the largest Humanitarian organization, Nepal Red Cross Society to provide PPE and Disinfectant kits to health workers and frontline workers in public hospitals, blood banks and Quarantine Centers across the country. The project aims to serve approx. 60,000 health workers that include doctors, nurses, blood technicians, ambulance drivers, medical technicians, people in quarantine centers and communities at risk of transmission of the virus.

Furthermore, the plant community had been supported with food relief packages and beverages, for 2,500 community members.

Coca-Cola in Nepal supported more than 70,000 frontline staffs, security personnel and those in quarantine centers across the country by providing access to drinking water and beverages throughout the lockdown.



Human Capital

Your Company is committed to attract, develop and retain talented team members and to create a workplace that allows each team member to contribute to the collective success of the Company. Therefore, your Company endeavours in developing and creating talented and skilled work force with modern knowledge and competencies along with a proper mind set to cope up with the emerging business challenges and to gain a competitive advantage. Your Company believes that team work is the key factor in all of the Company's achievements and the credit goes to all those employees who see their own future in the future of the Company and are dedicated to make positive change. Your Company has been maintaining employee turnover of less than 2.63%, which proves the level of employee satisfaction in the Company. Furthermore, your Company continuously assess for areas to enhance overall performance of its employees and necessary trainings are provided.

Your Company encourages a learning environment by stimulating integrated thinking, personal mastery and team learning. Simultaneously, the employees are encouraged and motivated to point out the areas where they require training to enhance their overall performance.

Your Company strives for development of its employees at all levels. The learning and development goals are aimed at providing world class individual and organizational capability development growth and opportunities to staff, regardless of their employment level and gender. Your Company has extended various trainings and exposure trips to its employees of various departments at all levels.

Equal Employment Opportunity

It is the Company's policy to recruit candidates as per the manpower requirements derived through a focused and organized Human Resource Plan. All candidates are impartially assessed on objective criterion regardless of race, gender, ethnicity, religion, language, or civil status as an Equal Employment Opportunity provider with a vision to attract, develop and retain a group of talented team Members and to create a workplace that allows each team members to contribute to the collective success of your Company. The programs and initiatives related to employment practices, compensation and benefits, talent management, diversity and inclusion, and Team Member relations are important to fulfil the commitment, especially in today's challenging economic climate.

The multi-cultural environment of your Company is warm and equitable ensuring that each member of the team is valued for their capabilities and respected for who they are. Your Company strives to create a happy and focused work atmosphere that celebrates the team and encourages innovation.

Your Company's goal is to provide a workplace where all employees can thrive and grow- A workplace where all employees feel included, safe and are given the opportunities to make valuable contribution to your Company.

Freedom of Association

Your Company does not curtail the freedom of association of employees. Management is committed for discussions and negotiations with the employees who are unionized. Further, an open door policy is encouraged. There are three unions in function in the Company which represents the interests of 254 employees.

Child Labour

As a part of the ongoing commitment, your Company advocates and upholds decent work practices and human rights. Your Company does not engage child labour and does not employ any person under the age of 18 years at the workplaces. This is inbuilt into policies and procedures of the Group. There is no direct risk of child labour deployment in any operation within the Company.

Workplace Rights Policy

Your Company's Workplace Rights Policy is designed to provide all stakeholders with clear guidelines and internally accepted standards for the way in which we treat our employees. The adherence to our workplace policies is audited on a regular basis. The Workplace Rights Policy is guided by the Labor Act of the

Country and also by the International Human Rights Standards. An inclusive workplace in which all members of the community has equal opportunities for employment and development regardless of race, gender, religion or disability is ensured at your Company.

Prevention of Sexual Harassment at Workplace Policy

Your Company is committed to provide a work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment. Your Company is also committed to promote a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity. Your Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its employees are not subjected to any form of harassment. Sexual Harassment at Work place Policy has been framed w.e.f 1st December, 2017 in accordance with the provisions of The Sexual Harassment at Workplace Prevention Act, 2015 (2071).

**DIRECT
EMPLOYMENT
332 employees**

Employee Engagement Activities



Quality, Health and Safety

Your Company operates in a World Class Supply Chain Organization wherein Quality, Health and Environment plays a paramount importance.

As a part of Integrated Management System, your Company had successfully recertified to the new standards of all four (4) International management system i.e. ISO 9001:2015 Quality Management System, ISO 14001:2015 Environment Management System, FSSC 22000 Ver 5.0 Food Safety System Certification and BS OHSAS 18000:2017 Occupational Health and Safety Management Systems.

We believe in our "Safety First" norms in all our routine tasks and people safety is one of the top priorities. With a constant attempt to enhance Occupational Health and Safety, your Company periodically conducts pre-work risk assessment, orientation, On-the-Job Training, in-house and external training to relevant staffs. It also follows scientific approach in safety management system comprising HIRA (Hazard Identification and Risk Assessment), safety orientation, ongoing supervision. Your Company has been providing all relevant personal protective equipment based on the job nature to all its associates.

In line with the ongoing initiatives to strengthen your Safety programs to improve safety culture across operations, your Company has implemented Behavior Based Safety (BBS) with an objective to increase the participation of employees of all levels in the safety process and provide feedback on behaviours that affect safety. BBS goes beyond compliance by engaging and inspiring associates at all levels to take personally responsibility in daily efforts.

With the objectives of creating "ZERO ACCIDENT", your Company has focused on Zero Hand and Foot Injury through teamwork and active participation of shop floor employees. Your Company has also adopted the practices of "Measuring Total Safety Index", "Toolbox Talk" and "Gemba Walk", which in turn contribute to improved safety culture in the plant.

Furthermore, this year, COVID-19 has rapidly progressed to become a global pandemic, causing unprecedented, far-reaching impact on the health, social and economic well-being of communities around the world. During this pandemic time, your Company has been prioritizing safety in production and warehouse facilities by implementing additional cleaning and sanitization routines, split shifts to avoid shift - to - shift contact, focusing on high-touch surfaces, and have taken steps to restrict visitors to the facilities. In order to ensure product safety and availability, your Company has provided employees with alcohol wipes and hand sanitizers at various locations; installed temperature screening in offices and manufacturing facilities.

Environment

Your Company believes that profitable growth and sustainability go hand-in-hand, which is the reason 'sustainability-minded' innovations are woven into every aspect of our operation. In our manufacturing facilities, we are improving efficiency in usage of natural resources, promoting green building and increasing alternative energy.

Water risk management, improving water use efficiency, wastewater treatment and returning water to communities and nature through our replenishment programs, are all engraved

in our regular activities. Your Company facility has effluent treatment plant, which ensures that wastewater generated at our unit is treated prior to discharge to municipal drain complying with our internal and Government of Nepal requirement. Such treated water is also effectively reused for general cleaning purpose within the plant premises. Your Company is the only plant having Effluent treatment facility in the entire Industrial District and are well acknowledged by the Government and Industrial Management Board.

Supporting The Coca-Cola Company's World Without Waste commitment, your company has continuously worked towards making all our packaging more sustainable. From light weighting and using recyclable materials to manufacturing refillable glass bottles, your company endeavors to reuse and recycle packaging materials to minimize environmental impacts. Your Company has robust solid waste management system in place. Your Company has always focused the basic approach to manage solid waste by trying to avoid generating such waste in the first place through resource optimization and technological transformation. All the generated waste are further categorized as commercial and non-commercial waste. Those of the commercial waste are sent for recycling purpose and non-commercial waste are disposed and managed through Government approved Waste Management vendors.

Energy efficiency and usage is an integral part of our manufacturing process, where we set ambitious targets for our energy requirements at the Plant through green or renewable energy. Your Company has been achieving this by investing in new technologies and through other initiatives such as improvement of heating, repair leakages etc.



Innovation and Digitization

As technology and e-commerce continue to evolve, your Company adapts and partners in new ways with our customers. We are reconstructing our business in the virtual world by investing in digital platforms, building foundational infrastructure to support our leaner operating environment and working to improve the employee experience.

Few of these experiences are:

Sales Force Automation and Bottling Operation Solution

Last year, your Company had launched Sales Force Automation (SFA) for its sales force and Bottlers Operation Solution (BOS) for its distributors in order to streamline the process of doing business. This year we continue with this as we continue to expand this across the Nepal.

Sales Force Automation (SFA) is an android based app which automates the order taking process. With this new technology, our frontline sales team will now be taking outlets order in the tablets. This is the transformation from manual order taking to digitalization making it more effective. In conjunction with this SFA, BOS is a web application which prints digital invoices, store inventories. The orders taken by Sales Team through their tablet would then be processed in this BOS, which will let the distributor print outlet order, invoicing and send it for distribution.



The Journey to Digital Learning

Learning Agility is of utmost importance to survive and succeed, so with a shared passion to learn and to contribute to the business, your Company embarked on the digital learning journey together since February, 2020 with lots of excitement and enthusiasm. Harvard ManageMentor® (HMM) “HMM’s course repository & HMM Spark’s Skill Builders” were launched for the benefit of all employee across functions.

Likewise, virtual instructor-led programs like **Lead & Inspire** and **Leadership Definition Program** were also launched. Besides, your Company had recently launched LinkedIn Learning that will bring a range of functional and behavioral competencies to support the development of their associates with an easy access. Similarly, your Company had also conducted various virtual trainings to enhance functional skills for front line sales team.



Localization

Your Company believes in being self-sustained while contributing to the local economy. We continue to localize raw materials and packaging materials to the extent possible, while ensuring a sustainable, quality, competitively advantaged supply of goods and services. This not only creates maximum value for the Company, but provides a boost to a host of ancillary industries in the Country. This year, your Company has localized sourcing of sugar, CO2, Label, Preform, Shrink Wrap and Closure, all of which are essential elements for production of our beverages. Your Company is committed to Local Supplier Diversity by maximising procurement opportunities and proactively engaging and building partnerships with diverse suppliers within Nepal. Moreover, the business hinges on inclusive growth and your Company recognizes the positive impact created by local procurement to our communities in Nepal.

Internal Process Automation

The modernization of Coca-Cola’s internal processes and systems has advanced over the past few years, including implementation of new software like neoHRIS, smartContract, E-Compliance tool which offers cloud applications for finance and human resources. Internal digitization is resulting in faster decisions, cost reductions and improved employee experience, all geared toward disciplined growth.

DIRECTOR'S REPORT

(For the Year 2076-2077)

Dear Shareholders,

The COVID- 19 Pandemic has had an unprecedented impact on Business and the Communities worldwide. Your Company is facing one of the most challenging times and it has adversely impacted the lives of millions of small and large businesses across the world and the global economy as a whole. During this crisis, your management team/associates/business partners/suppliers have worked tirelessly to protect the long-term health of your Company's business.

Financial Highlights

In FY 2076/77, your Company delivered revenue of NPR 6,796 which is 84% of last year's revenue. Until mid - March, 2020 before the Nepal Government announced nationwide lockdown, the business was making good progress with a growth of 25% in net revenue. March- July, 2020 has historically been biggest growth months and peak season, but owing to this nationwide lockdown announced by Government of Nepal, your Company had a huge setback, resulting in loss of business and revenue during the said period. Despite these challenges, during the same period, your Company was able to achieve 33% of last year's net revenue.

Your company has worked on productivity measures and has reduced Operational cost and Manpower cost which helped to achieve NPR 291 MM operating profit even though revenue was down by 16% vs last year.

Responding with Speed and Agility

The COVID -19 pandemic has since swamped our lives and the way we operate our business. Your Company's primary focus has been first on the safety of its Associates and customers and on supporting vulnerable people and healthcare workers; second on securing our business, cash flow and liquidity and planning our way through the clearance and stock up of our products. And thirdly on ensuring we learn from the crisis and come out stronger, faster and more competitive when we bounce back.

The lockdowns tested the agility, resilience, and adaptability to the new normal. Your Company responded to the challenges with speed and agility and have emerged stronger. All businesses worldwide including your Company is now operating in ways that it has never operated before. Your Company has increased our hygiene across our manufacturing units, distributor points and sales force. The way your associates have been facing and acting with pace and agility gives us confidence that your Company can emerge stronger and faster and create a more streamlined business. In response to emerge and face this COVID-19 Pandemic, the Management has drawn up the "Rebuild, Rebound and Reclaim" program to harness new habits and use the lessons of this crisis to make new beginnings.

Key Business Challenges

Global:

Global growth is projected at (-)4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The pandemic has had a more negative impact on activities in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecasted and hence, it looks like it will result in deceleration of the economic growth of the countries worldwide for the rest of the period of 2020 as well.

Global oil demand fell as lockdowns were imposed to combat the COVID-19 pandemic. However, with recent increase in COVID-19 cases and the impositions of partial lockdowns, it further anticipates more uncertainty to the forecast and various hurdles on imports of major RMPM and impact on supply chain. Similarly, devaluation of local currency against Forex, mainly US Dollar has impacted most of our imports.

Nepal

The Government of Nepal had projected Nepalese economy growth by 7 percent for the year 2020. But due to COVID-19 and its impacts, the estimated growth figures have been revised and it has projected that the economy would grow by about 2.25 percent this year. Recently, the Central Bureau of Statistics (CBS), Nepal has projected that the Nepalese Economy may grow by negative trend if the lockdown prolongs further. They further predicted that Nepal was likely to lose agriculture production, industrial output, and service sector's contribution. The pandemic was likely to generate lower GDP in 2020 with lower employment, food prone inflation, magnification of poverty in both rural as well as urban areas. Remittance inflow to Nepal from abroad may decelerate sharply (11.6 percentage decrease) (source: World Bank) which will see a hit on the balance of payments and imports.

Dividend

Due to this on-going Pandemic, Your Directors do not recommend any dividend for the FY 2076/77.

Statutory Auditors.

M/s B. K Agrawal & Co. Chartered Accountants (Firm Registration No. 02) hold office until the conclusion of 34th Annual General Meeting. Your Directors, with the recommendation of Audit Committee Meeting have proposed to appoint M/s CSC & Company (Firm Registration No. 57) (Mr. Bikesh Madhikarmi, Partner), as Statutory Auditor for FY 2077-78 with a remuneration of NPR 4,00,000 (excluding VAT and out-of-pocket expenses) (including taxes), alike last year.

Human Resources

There has been no increase in the total number of associates – they were 338 on 32nd day of Ashad 2076 and are 332 on 31st day of Ashad 2077. Your Company has been continuing to deal with the challenges faced as a consequence of pandemic, particularly in, ensuring safety, health and wellbeing of the employees. Your Company through innovative solution, has been building capabilities of its frontline and support associates through virtual learnings. Some of the initiative undertaken are briefly expanded in this Annual Report.

Corporate Governance

Your Company is committed towards adherence to good corporate governance. Your Company continues to strive to keep the trust of its stakeholders by being ethical, honest and transparent while doing business. Your Company has a strict Code of Business Conduct and Anti Bribery Policy, which guides its business conduct, requiring honesty and integrity in all matters. Your Company's employees, directors and vendors are required to strictly adhere to the Code of Business Conduct in the workplace and in the larger community. Your Company regularly monitors its business to ensure compliance with the Code and the Laws of the Country. Your Directors also regularly undergo Annual Refresher Training to update themselves with the Laws of the Country. A Report on Corporate Governance is detailed, in the later part of the Annual Report separately.

Corporate Sustainability

Your Company is committed to the system's overall purpose – **To refresh the world and make a difference**, which includes our beverages and the work we do to enhance interconnections with our communities and the activities we do. The Corporate Sustainability activities of your Company continue to resonate with the Nation's priorities and the sustainability strategy ensures to adopt the right approach to serve our stakeholders better. The Pandemic has reinforced the importance of Sustainability and why it matters now, more than ever. Your company continues to implement projects and process improvements despite all the COVID-19 restrictions, with required precautions. Your company will continue to nurture existing partnerships and build new collaborations, to modify/amplify efforts to the changing needs of our communities and environment. Details of your company's contribution in shaping the sustainability vision are in the Corporate Sustainability report, in the latter part of the Annual Report.

Internal Control Framework

Your Company has an efficient and robust system of internal controls in place. These controls include internal checks and audits, along with financial and other control, which is required to carry on the business smoothly and lawfully, whilst safeguarding your Company's assets in a secure, practical, accurate and reliable manner.

Future Outlook

Your Company has entered into the new fiscal year at a time when all major economies have been brought to a standstill. The impact has been very fast and widespread, and it is going to be a challenging year going forward. On the other hand, the economic downturn is majorly due to external factors that has hit the pause button on all economic activities, and we have less control over it.

Despite the uncertainty that surrounds your Company, it will continue to take actions to protect our performance, conserve cash and plan for future growth. Your Company will be staying close to its customers, aligning themselves to their evolving priorities, staying lean and nimble, finding newer ways to create value and possibly expand new packs and categories that address current imperatives. Many of the innovations that we pioneered are of even greater relevance today. The Sales Force Automation that we launched last year will help your company to leverage digital technology for growth and transformation agendas. Your Company will continue to find opportunities to invest in innovations that will help for future growth. Your Company will consciously drive and maintain its high level of governance and strive towards providing better returns on its investment.

Acknowledgement

Your Directors thank all of the associates for their tenacity, perseverance and dedication in one of the toughest years in our history. Your Directors also place a special thanks to the Government of Nepal, particularly Ministry of Industry, Commerce & Supplies, Department of Industry, Nepal Police, District Administration Office, Securities Board of Nepal, Nepal Stock Exchange, Office of Company Registrar and Inland Revenue Department. It has been a tough year, with the increasing number of COVID-19 cases globally and in Nepal, your Company continues to strive to achieve and grow its business. We appreciate your patience and are determined to accelerate the changes we committed to.

AS PER SEC 109 OF COMPANIES ACT, 2006(2063)

- (a) **Review of the transactions of the Previous Year:**
As covered above under the "Financial Highlights" sections.
- (b) **Impact, if any, caused on the transactions of the Company from National & International Situations;**
As covered above under the "Key Business Challenges" section.

- (c) **Achievements in the current year as at the date of report & opinions of the Board of Directors on matters to be done in the future;**

As covered above under "Financial Highlights" and "Future Outlook" section.

- (d) **Industrial or Professional Relations of the Company;**

During the year, the relationship of the Company with its employees was harmonious resulting in no strike.

- (e) **Alterations in the Board of Directors and the reasons therefore;**

During the year under review, the holding Company, Bottlers Nepal Limited had withdrawn their earlier nomination of Mr. Sundeep Bajoria and in their place nominated Mr. Melvin Tan Chun Pin w.e.f 21st April, 2020.

- (f) **Major things affecting the transactions;**

As covered above under "Key Business Challenges"

- (g) **If there are any remarks in the Audit Report, the comments of the Board of Directors on such remarks;**

None

- (h) **Amount recommended for payment by way of Dividend;**

The Board of Directors has not proposed any dividend to the shareholders of the Company for the Fiscal Year 2076/77.

- (i) **In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by the Company for such shares prior to the forfeiture thereof, proceeds of sale of such shares after the forfeiture thereof, and refund of amount, if any, made for such forfeited shares;**

NIL

- (j) **Progress of transactions of the Company and of its subsidiary company(ies) in the previous financial year and, review of the situation existing at the end of that financial year;**

As covered above under various Sections.

- (k) **Major transactions completed by the Company and its subsidiary company(ies) in the financial year and any material changes taken place in the transaction of the Company during that period:**

Holding Company	Transactions	NPR
Bottlers Nepal Limited	Sale/Purchase of Raw Materials	4,784,220/-
Bottlers Nepal Limited	Payment of Product transfer fee on account of sales made in their respective territories	34,961,566/-

- (l) **Disclosures made by the substantial shareholders of the Company to the Company in the previous financial year;**

None

- (m) **Details of shareholding taken by the directors and officers of the Company in the previous financial years and, in the event of their involvement in share transaction of the Company, details of information received by the Company from them in that respect;**

None

- (n) **Details of disclosures made about the personal interest of any director and his / her close relative in any agreement related with the Company during the previous financial year;**

None

- (o) **In the event that the Company has bought its own shares (buy-back), the reasons for such buy-back, number & face value of such shares, and amount paid by the Company for such buy-back;**

None

- (p) **Whether there is an internal control system in place or not and, details of such system, if it is in place;**

As covered under the "Internal Control Framework" Section.

- (q) **Details of total management expenses during the previous financial years;**

Particulars	NPR MM
Salaries, wages and other employee cost	46
Administrative Expenses	106
Total	152

- (r) **Name list of the members of Audit Committee, remuneration, Allowances and facilities received by them, details of the functions performed by that committee, and details of suggestions, if any, made by that committee;**

Please refer to Audit Committee details under Corporate Governance Section.

- (s) **Amount, if any, outstanding & payable to the Company by any director, managing director, chief executive, substantial shareholders or, his/her close relative or, by any firm, company, corporate body in which he/she is involved;**

None

- (t) **Amount of remuneration, allowances & facilities paid to the directors, managing director, chief executive & officer;**

Remuneration, allowances and facilities given to Directors, Managing Director and Key Managers during the year:

NPR (In MM)

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & Facilities	-	0.26	-	0.26
CEO	-	-	-	-
Key Managers	7.43	11.79	0	19.22
Total	7.43	12.04	0	19.47

Notes: All the facilities provided to the Managers are as per the policy of the Company.

(u) Amount of Dividends remaining unclaimed by the shareholders;

Unclaimed dividend that has crossed the period of 5 years is transferred to Investor Protection Fund. During the year under review, we had deposited amount of NPR 230,713/- for FY 2070/71 at Investor Protection Fund on 2077.03.18. The Total Unclaimed dividend as on Ashad 31, 2077 (15 July, 2020) is NPR 3,158,944.75/-. All these unclaimed dividends are transferred to your Company's Share Registrar, M/s Nabil Investment Banking limited for distribution to Shareholders.

(v) Details of sale and purchase of properties pursuant to Section-141:

None

(w) Details of transactions carried on between the Associated Companies pursuant to Section-175;

None

(x) Any other matters required to be laid out in the report of Board of directors under this Act and the prevailing laws;

As per page no. 35

(y) Other necessary matters;

i. Information (if any) regarding existence of any relative of Companies director or official currently working in Office of the Company's Registrar ("OCR"), Securities Board or any other regulatory body concerning the Company in Officer or higher capacity.

We have not received any such information from any of the official or director of your Company.

ii. Information (if any) regarding any fines paid by any directors, officers or shareholders of the Company to OCR in violation of Sec. 82 of the Act including information about the amount paid.

None

On behalf of the Board of Directors,

Shukla Wassan
Chairperson

Neeraj Rimal
Director

Date: 11th November, 2020

Disclosure under Rule 26(2) of Securities Registration and Issue Regulation, 2073

1. Report of the Board of Directors:

Covered in Directors Report of this Annual Report (page 31-34)

2. Auditor's Report:

Included in Annual Report (page 41-44)

3. Audited Financial Statements:

Included in Annual Report (page 45-76)

4. Legal Proceedings:

No any legal cases (except taxation related cases) was filed by or against the Company.

5. Analysis of Stock Performance of the Body Corporate:

i) Management's view on the performance of the stocks of the body corporate in the Stock Exchange.

Price and transactions of the Company's shares are being determined by the open share market operations through a duly established Stock Exchange. Managements view on this is neutral.

ii) High, Low and Closing price of the stocks of the company during each quarter of the preceding year along with total volume of trading of shares and number of days traded:

Quarter	Maximum Price (in NPR)	Minimum Price (in NPR)	Closing Price (in NPR)	No. of trades	Days of trading
Q1	7,074	6,076	6,446	1,363	24
Q2	6,400	6,011	6,140	2,139	32
Q3	9,274	6,100	6,598	4,983	37
Q4	6,467	5,847	6,200	550	8

Disclosure under Rule 20(4) of Directives Related to Corporate Governance for Listed Companies, 2074

The Board of Directors had approved the Corporate Governance Report as per the prescribed format on 11th November 2020 and the signed copy of same has been sent to Securities Board of Nepal for recording.

Brief Excerpts of the Corporate Governance Report

1. Compliance to the Directions and Directives issued by the regulatory body from time to time and all the requirement of prevailing Acts and Regulations including Directions: Complied

2. Compliance to the terms and conditions prescribed by the regulator at the time of issuing license. Complied
3. Compliance to the directions given by the regulatory body during review, inspection and supervision: Complied

Certified By

Pratima Burma

Compliance Officer

Date: 11th November, 2020

Shareholder Information

SHARE STRUCTURE

Paid-up share capital of NPR 121,000,000, with the majority shares (i.e. 90.78%) held by its' Parent Company, M/s Bottlers Nepal Limited.

Representation of Bottlers Nepal Limited

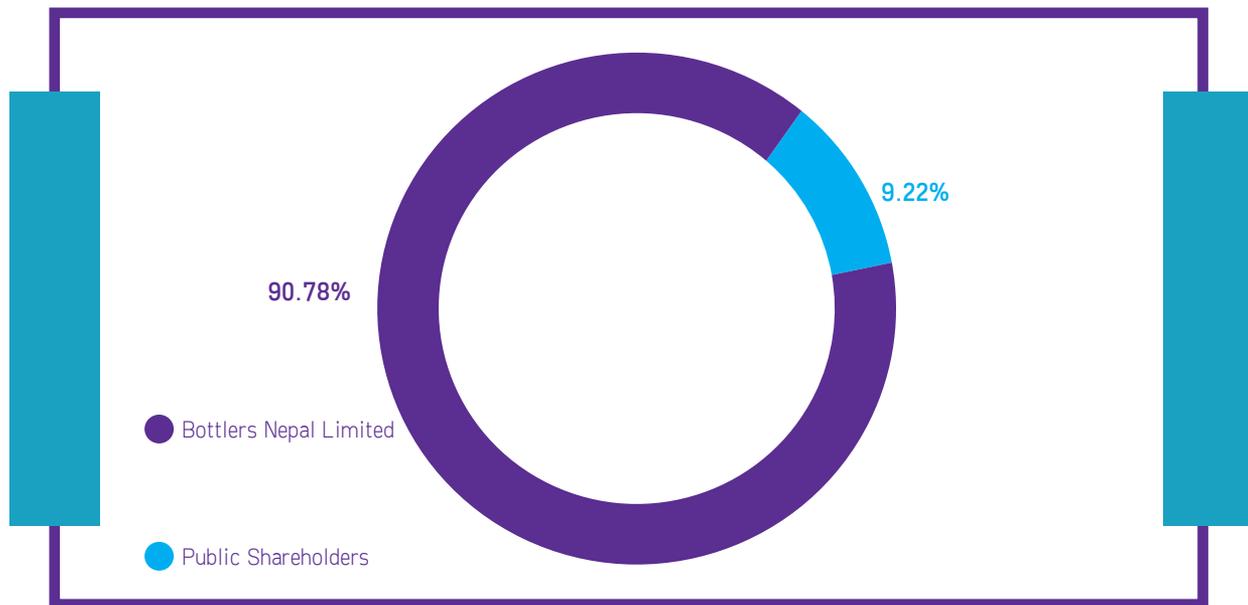
1. Ms. Shukla Wassan
2. Mr. Mohamed Amin Ghoneim
3. Mr. Melvin Tan Chun Pin
4. Mr. Gunjan Dhawan
5. Mr. Surendra Silwal

Representation of Public Shareholders

1. Mr. Neeraj Rimal

Independent Director

1. Mr. Pramod Kumar Karki





Unclaimed Dividend/ Unpaid Dividend

In accordance with the provisions of Companies Act, 2006 (including amendment) and Investor Protection Fund Operation and Management Procedures, 2016, dividend not encashed/claimed within 5 years from the date of declaration are to be transferred to Investor Protection Fund. Hence during the year under review,

we had deposited the amount of NPR 230,713/- for FY 2070/071 at Investor Protection Fund.

The Total Unclaimed dividend as on Ashad 31, 2077 (15 July, 2020) for the last 5 years is NPR 3,158,944.75/- All these Unclaimed dividends are transferred to our Share Registrar, M/s Nabil Investment

Banking Limited for distribution to Shareholders. The details of unclaimed dividends can be obtained from our Share Registrar, M/s Nabil Investment Banking Limited.

Categories of Shareholders

Category	No. of Shareholders	No. of Shareholding
Demat Account Holders	563	1,194,715
Physical Account Holders	164	15,285
Total Shareholders	727	1,210,000

Bottlers Nepal (Terai) Limited

Year	Maximum (in NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2015-16	5,936	2,160	5,936	85	30
2016-17	9,999	3,382	6,085	21,856	44
2017-18	8,287	5,336	5,872	27,431	166
2018-19	7,384	5,243	6,890	19,561	137
2019-20	9,274	5,847	6,200	9,035	101

Shareholder Relationship

The Board values the Company's stakeholders and strives to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively, but also helps it identify new business opportunities and improve Company's relationship with its stakeholders.

The shareholders are given the opportunity at the AGM to get updates from the Chairperson and to ask questions, and to express a view and vote on the various matters of Company's

Business on the agenda. Shareholders may also ask questions to the Company's external auditors at the meeting. The Company encourages its shareholders to attend its AGM and is committed to dealing with shareholder queries in a respectful and timely manner whenever they are received by the Company.

In order to strengthen our relation with shareholders and provide efficient services to the shareholders, Nabil Investment Banking Limited has been re-appointed as "Registrar to Shares".



Communication to Shareholder

Effective communication of information is an essential component of Corporate Governance. With this the company regularly interacts with shareholders through multiple channel of communication such as annual report, quarterly report and notices. Your Company has hence launched its new website, www.bnl.com.np in order to keep our shareholders updated with the current happenings of the company.

The Quarterly Report of the Company's performance are published in national daily and is also published in our company's website.

The Quarterly and Annual Financial Reports are reported to regulatory authorities like Securities Board of Nepal (SEBON), CDSC and Clearing Limited, Nepal Stock Exchange (NEPSE).

Address for Correspondence

All shareholders' correspondence should be forwarded to Nabil Investment Banking Limited, the share registrar of the Company at the address mentioned below:

Nabil Investment Banking Limited

3rd Floor, Central Plaza
Narayanchaur, Naxal, Kathmandu
Email :- info@nabilinvest.com.np
Phone Numbers: - +977-01-4411604, 4411733,
RTS/RTA : Ext. 140, 152

OR

Company Secretary/Compliance Officer

Ms. Pratima Burma
Manager- Legal & Company Secretary
E-mail: prburma@coca-cola.com.np
Phone: +977-1-4350602 Ext. 202, 253

बोटलर्स नेपाल (तराई) लिमिटेडका शेयरधनी महानुभावहरूलाई चौँतीसौं वार्षिक साधारण सभाको सूचना

मिति २०७७ कार्तिक २६, बुधवार (तदनुसार नोभेम्बर ११, २०२०) बसेको संचालक समितिको बैठकको निर्णय अनुसार यस कम्पनीको चौँतीसौं वार्षिक साधारण सभा (भर्चुअल माध्यम एम.एस. टिम्स) बाट निम्न लिखित मिति, स्थान तथा समयमा तपसिलका विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्बन्धित सबै शेयरधनी महानुभावहरूलाई जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

मिति, समय र स्थान:

मिति : २०७७, पौष २२, बुधवार (तदनुसार ६ जनवरी, २०२१)

समय : २:०० बजे

स्थान : कम्पनीको रजिस्टर्ड कार्यालय, बालाजु औद्योगिक क्षेत्र, बालाजु, काठमाडौं ।

(भर्चुअल प्लेटफर्म ठिक १:०० बजे खुल्ला गरिनेछ ।)

विद्यमान कोरोना महामारीको कारण, वार्षिक साधारण सभामा शेयरधनी महानुभावहरूलाई उपस्थित गराउन सम्पूर्ण व्यवस्थापन तथा नेपाल सरकारले तोकेको स्वास्थ्य मापदण्डका साथ सम्पूर्ण शेयरधनीहरूलाई सहभागी गराउनका निमित्त भिडियो कन्फरेन्सीङको माध्यम मार्फत एम.एस.टिम्स बाट संचालन गरिनेछ । भर्चुअल प्लेटफर्म बैठक शुरू हुनुभन्दा एक घण्टा अघि खुल्ला हुनेछ ।

छलफलका विषय सूची :

१. सामान्य प्रस्ताव :

- आर्थिक वर्ष २०७६।७७ को संचालकको प्रतिवेदन पारित गर्ने ।
- २०७७ असार ३१ गते सम्मको वासलात, २०७७ असार ३१ गतेसम्मको आय विवरण सोही मितिमा समाप्त भएको नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितको लेखापरिक्षण भएको वित्तीय विवरण र लेखापरिक्षकको प्रतिवेदन स्वीकृत गर्ने ।
- कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आर्थिक वर्ष २०७७।७८ को लेखापरिक्षण गर्न लेखापरिक्षण समितिको

सिफारिश बमोजिम लेखापरिक्षकको नियुक्ति गर्ने र निजको पारिश्रमिक उपर छलफल गरी स्वीकृत गर्ने ।

“ नोट: कम्पनी ऐनको दफा १११(३) बमोजिम श्री सि.एस.सि एण्ड कम्पनी चार्टर्ड एकाउन्टेन्ट्स (फर्म रजिष्ट्रेशन नं. ५७) (श्री विकेश माधिकर्मी, पार्टनर) लाई कम्पनीको लेखापरिक्षकको रूपमा आ.व २०७७।७८ को लागि नियुक्ति गर्ने र निजको पारिश्रमिक रु. ४००,०००।-(अक्षरेपी चार लाख मात्र) (लाग्ने खर्च बाहेक) (सम्पूर्ण कर सहित तर भ्याट बाहेक) लेखापरिक्षण शुल्कको रूपमा प्रदान गर्न सकिनेछ ।”

घ) स्वतन्त्र संचालकको नियुक्तिबारे छलफल गरि पारित गर्ने ।

२. विविध :

(क) विविध : अध्यक्षको अनुमति अनुसार ।

दृष्टव्य: चौँतीसौं वार्षिक साधारण सभालाई ध्यानमा राखि मिति २०७७।०९।०८ गते देखि मिति २०७७।०९।२२ सम्म कम्पनीको शेयर दाखिल खारेज दर्ता बन्द रहने जानकारी समेत यसै सूचनाद्वारा शेयरधनी महानुभावहरूमा सूचित गरिन्छ । साधारण सभा सम्बन्धी अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ ।

संचालक समितिको आदेशानुसार



प्रतीमा बर्मा
कम्पनी सचिव

साधारण सभा सम्बन्धी सामान्य जानकारी

१. कम्पनीको वार्षिक प्रतिवेदन, प्रतिनिधि (प्रोक्सी) फारम तथा वार्षिक साधारण सभासँग सम्बन्धित अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ। कुनै कारणवश, यदि कुनै शेयरधनी महानुभावले वार्षिक प्रतिवेदन प्राप्त नगरेको खण्डमा कम्पनीको रजिष्टर्ड कार्यालय, बालाजु औद्योगिक क्षेत्र, बालाजु, काठमाडौंमा सम्पर्क गर्नुहुन सक्नुहुनेछ वा उक्त वार्षिक प्रतिवेदन कम्पनीको वेबसाईट www.bnl.com.np मा पनि राखिएको छ।
२. सभामा भाग लिन चाहने महानुभावहरूले मनिशा दाहाल manisha.dahal@nabilinvest.com.np मा ईमेल वा फोन नं. ०१-४४११६०४ ext. ११६ मा फोन मार्फत अनुरोध गर्न सक्नुहुनेछ र उक्त शेयरधनी महानुभावलाई साधारण सभाको बैठकमा भाग लिनका लागि चाहिने लिङ्क शेयरधनी महानुभावको इमेलमा पठाईनेछ। सभामा कुनै प्रश्न/सल्लाह/सुझाव राख्न चाहनुहुने शेयरधनी महानुभावले सभा सुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै kbhandari@coca-cola.com.np मा इमेल मार्फत वा कम्पनीको फोन नं. ०१-४३५२९८६ वा ०१-४३५१५३२ ext. २०२ वा २५३ मा अनुरोध गर्नु पर्नेछ।
३. कुनै अर्को शेयरधनीको प्रतिनिधि (प्रोक्सी) को रूपमा भाग लिन र मतदान गर्न चाहने शेयरधनीले सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै प्रोक्सी फारम इमेल मार्फत मनिशा दाहाल manisha.dahal@nabilinvest.com.np वा नविल इन्भेष्टमेन्ट बैकिङ्ग लिमिटेड, नारायणचौर, नक्साल (कम्पनीको शेयर रजिष्ट्रार) मा पेश गर्नु पर्नेछ।
४. सभामा उपस्थित हुनको लागि कुनै एक शेयरधनीको तर्फबाट एक भन्दा बढी व्यक्तिहरूको नाममा प्रोक्सी नियुक्त भएमा सबैभन्दा पछिल्लो मितिमा नियुक्त गरिएको प्रोक्सीले सभामा उपस्थित हुन र मतदान गर्न पाउने छ। कुनै शेयरधनीले एकै मितिमा एक भन्दा बढी प्रोक्सी नियुक्त गरेमा सबै भन्दा पहिले प्रोक्सी कम्पनीको कार्यालयमा दर्ता गर्ने व्यक्तिले सभामा उपस्थित हुन र मतदान गर्न पाउने छ।
५. नाबालक तथा मानसिक सन्तुलन ठीक नभएका शेयरधनीको तर्फबाट कम्पनीको शेयर लगत किताबमा संरक्षकको रूपमा दर्ता भएको व्यक्तिले सभामा भाग लिन र मतदान गर्न वा प्रोक्सी नियुक्त गर्न सक्नेछ।
६. संयुक्त रूपमा धारण गरेको शेयरको हकमा शेयर लगत किताबमा पहिले नाम उल्लेख भएको व्यक्ति वा सर्वसम्मतिबाट प्रतिनिधि नियुक्त भएको एक व्यक्तिले मात्र सभामा भाग लिन वा मतदान गर्न पाउने छ।
७. अन्य कुनै जानकारीको लागि कृपया कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा अथवा फोन नं. ०१-४३५०६०२ वा ०१-४३५१८७१ ext. २०२ वा २५३ वा हाम्रो शेयर रजिष्ट्रार कार्यालय, नविल इन्भेष्टमेन्ट बैकिङ्ग लिमिटेड, नारायण चौर नक्साल, फोन नं. ०१-४४११६०४ ext . १४० वा १५२ मा सम्पर्क गर्नु होला।

Independent Auditors' Report to the Shareholders' of Bottlers Nepal (Terai) Limited

Opinion

We have audited the standalone financial statements of Bottlers Nepal (Terai) Limited, which comprise Statement of Financial Position as at Ashad 31, 2077 (15th July 2020), Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion and to the best of our information and according to the explanation given to us, the standalone financial statements, read together with significant accounting policies and notes to the accounts forming part of the accounts, present fairly, in all material respects, the financial position of the Company as on Ashad 31, 2077 (15th July 2020), its financial performance, changes in equity and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

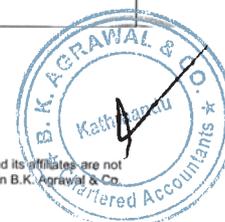
Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that in our professional judgment were of most significance in our audit of the financial statement of the current period. Based on the circumstances and facts of the audit and the Company, we consider following as key audit matters:

S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
1	<p>Revenue recognition: (Refer Note.18)</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to a risk that revenue is recognized when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls; • assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales invoices, delivery challans, transporter's consignment note, bill of lading and other relevant underlying documents including performing cut-off date sales transactions to ensure correct booking of revenue in concerned period.



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S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
	<p>Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue include all revenue from ordinary activities of the company that are recorded net of Value Added Taxes and Excise Duty collected from the customer that are remitted or are to be remitted to the government authorities.</p> <p>Rebate, discounts and schemes.</p> <p>We have determined the rebate, discounts and schemes to be a key audit matter in the revenue recognition.</p> <p>Rebates, discounts and schemes are material and have arrangements with varying terms which are based on annual contract or shorter term arrangements.</p>	<ul style="list-style-type: none"> assessing the adequacy of disclosures in the consolidated financial statements.
2	<p>Discounting rate used in valuation of Defined benefit obligations: (Refer Note.14.1)</p> <p>Defined benefit obligation as determined by Actuary is function of one major constituent in the form of discounting factor. Actuary has used 7.5% as discounting rate, being weighted average yield of long term Government Bonds, Fixed deposits etc. to ascertain present value of defined benefit obligation related to Gratuity, long term employment obligation, sick leave and gold coin eligibility for long duration employment.</p>	<p>In view of non- prevalence of long term Government Bond yield rate coinciding with expected year of settlement of obligation which is first choice for selection of discounting rate as per NAS 19, Actuary has considered weighted average rate of long term FD, available Government bonds yield rates etc. which contains an element of conservatism in view of long term debentures of 10 plus years are fetching yield of 9.30% to 10%. However, actuary valuation being domain expertise of actuary, we have considered their valuation to be adequate.</p>

Other Information

The directors are responsible for the other information such as "Report of Board of Director's/Chairman's Statement" to be presented in the Annual Report and Accounts for FY 2076/77 (2019-20) of the Bottlers Nepal (Terai) Limited. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated above, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on financial statement, the information therein is materially misstated or inconsistent with the Financial Statements.

However, we have not obtained other information to be part of Annual Report, hence we are unable to report on other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards (NFRS), and for such internal controls as management determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

On the basis of our examination, we further report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii. In our opinion, the financial statements have been prepared in accordance with the provisions of Companies Act, 2063 and conform to the books of accounts of the Company.
- iii. The accounts and records of the Company have been maintained as required by law.
- iv. To the best of our information and according to the explanations given to us and from our examination of the books of accounts of the Company necessary for the purposes of the audit, we have not come across cases where the management group or any employees of the Company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused loss or damage to the company; and



B.K. Agrawal & Co.
Chartered Accountants

- v. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts.
- vi. It appears that all the financial and other information/subject matters which are required to be informed to the shareholders as per prevalent laws have been provided to the shareholders.
- vii. The internal control system implemented by the company is found to be effective.

Kathmandu
Date: 26th Kartik, 2077 (11th November, 2020)



B.K. Agrawal, FCA
Managing Partner
For: B.K. Agrawal & Co.
Chartered Accountants
UDIN 201111CA00018XXqv3



Bottlers Nepal (Terai) Limited
STATEMENT OF FINANCIAL POSITION
 As at 31st Ashad, 2077 (15th July, 2020)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2077	As at 31st Ashad 2076
ASSETS			
Non-Current Assets:			
Non Financial			
Intangible Assets	3	54,486,873	40,234,707
Property, Plant and Equipment	4	6,158,935,286	6,076,197,779
Financial Assets			
Advances	6	974,838	6,637,405
Current Assets:			
Non Financial			
Inventories	7	1,086,797,708	861,125,131
Prepayments	8	79,612,397	61,957,795
Advances	8.1	571,174,477	285,796,278
Other Current Assets	8.2	-	2,887,216
Income Tax Receivable	9	15,946,433	23,187,133
Financial Assets			
Other Current Assets	8.3	9,554,270	3,730,882
Trade Receivables	10	125,846,265	133,768,295
Cash and Cash Equivalents	11	219,747,662	251,193,165
Total Assets		8,323,076,209	7,746,715,786
EQUITY AND LIABILITIES			
Equity:			
Equity Share Capital	12	121,000,000	121,000,000
Reserve and Surplus	13	2,145,050,786	2,219,948,429
Liabilities:			
Non-Current Liabilities:			
Non Financial			
Deferred Tax Liability	5.3	34,586,402	79,319,825
Financial Liabilities:			
Retirement Benefit Obligation	14.1	430,438,973	387,435,083
Non current Borrowing	15.1	1,700,407,009	958,958,221
Current liabilities:			
Financial Liabilities			
Retirement Benefit Obligation	14.1	59,623,000	30,028,000
Borrowings	15.2	2,245,573,508	1,599,290,236
Trade Payables	15.3	763,648,576	1,437,273,968
Other Financial Liabilities	16	800,769,335	887,413,843
Non Financial Liabilities	17	21,978,620	26,048,181
Total Equity and Liabilities		8,323,076,209	7,746,715,786

Notes 1 to 32 form an integral part of this Financial Statement

For & On Behalf of the Board,

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Neeraj Rimal
Director

Ashok Mandal
Finance Controller

Place: Kathmandu, Nepal
Date: 26th Kartik, 2077 (11th November, 2020)



Bottlers Nepal (Terai) Limited

STATEMENT OF PROFIT OR LOSS

For the year ended 31st Ashad, 2077 (15th July, 2020)

Figures in NPR

Particulars	Notes	For the Year 2076-77	For the Year 2075-76
Revenue from Operations	18	4,693,349,428	5,581,385,389
Cost of goods sold	19	(3,503,055,310)	(3,853,347,832)
Gross Profit		1,190,294,118	1,728,037,557
Other Operating Income	20	154,617,801	229,794,500
Selling and Distribution Expenses	21	(901,717,570)	(1,128,079,800)
Administrative and Operating Expenses	22	(151,951,685)	(161,323,398)
Profit from Operations		291,242,664	668,428,859
Finance Costs	23	(298,791,590)	(60,172,668)
Finance Income	24	15,807,170	16,408,162
Profit Before Tax		8,258,244	624,664,353
Income Tax Expense			
Current tax	5.1	(42,606,240)	(110,273,958)
Prior period tax adjustments	5.1	235,640	(16,632,000)
Deferred Tax	5.2	39,742,063	(44,215,611)
Net Profit for the year		5,629,707	453,542,784
Basic/Diluted Earnings per share	25	5	375

Notes 1 to 32 form an integral part of this Financial Statement

For & On Behalf of the Board,

As per our attached
report of even date**Shukla Wassan**
Chairperson**Pradip Pandey**
Chief Executive Officer**B.K. Agrawal, FCA**
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants**Neeraj Rimal**
Director**Ashok Mandal**
Finance Controller

Place: Kathmandu, Nepal

Date: 26th Kartik, 2077 (11th November, 2020)

Bottlers Nepal (Terai) Limited
STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st Ashad, 2077 (15th July, 2020)

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Net Profit/(Loss) for the year as per Statement of Profit or Loss	5,629,707	453,542,784
Items that will not be reclassified to Statement of Profit or Loss		
Actuarial Gain/(Loss) on defined benefit plan schemes	(31,196,000)	(44,651,000)
Deferred Tax on Actuarial Gain/(Loss)	4,991,360	7,144,160
Other comprehensive gain/(loss) for the year, net of tax	(26,204,640)	(37,506,840)
Total Comprehensive gain/(loss) for the year, net of tax	(20,574,933)	416,035,944

For & On Behalf of the Board,

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Neeraj Rimal
Director

Ashok Mandal
Finance Controller

Place: Kathmandu, Nepal
Date: 26th Kartik, 2077 (11th November, 2020)

Bottlers Nepal (Terai) Limited
STATEMENT OF CASH FLOWS
 For the year ended 31st Ashad, 2077 (15th July, 2020)

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	8,258,244	624,664,353
Adjustments for non cash and non operating:		
Depreciation on Property, Plant and Equipment	530,819,464	416,325,057
Amortization of Intangible Assets	21,991,689	16,961,616
Loss/ (gain) on sale/write off of Property, Plant and Equipment	(2,642,447)	(3,513,662)
Finance income	(15,807,170)	(16,408,162)
Finance costs	298,791,590	60,172,668
Prior Period Items	(5,922,711)	(13,720,938)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	(775,368,378)	959,369,840
Increase / (Decrease) in provisions	41,402,890	45,101,550
Decrease / (Increase) in trade and other receivables	12,081,624	36,846,749
Decrease / (Increase) in loans and advances	(297,370,234)	(160,287,852)
Decrease / (Increase) in inventories	(225,672,577)	23,804,163
Cash generated from operations	(409,438,016)	1,989,315,382
Direct taxes paid (net of refunds)	(35,129,900)	(137,954,651)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	(444,567,916)	1,851,360,731
B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, plant and Equipment	(617,735,866)	(3,619,191,676)
Purchase of Intangibles	(36,838,662)	(431,690)
Proceeds from sale of Property, Plant and Equipment	7,416,150	19,220,492
Interest Received	15,952,104	15,719,724
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(631,206,274)	(3,584,683,150)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	1,387,732,060	2,061,639,687
Interest paid	(295,003,373)	(53,320,368)
Dividend paid	(48,400,000)	(48,400,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	1,044,328,687	1,959,919,319
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(31,445,503)	226,596,900
CASH AND CASH EQUIVALENTS,		
Beginning of Year	251,193,165	24,596,265
CASH AND CASH EQUIVALENTS, End of Year	219,747,662	251,193,165

For & On Behalf of the Board,

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Neeraj Rimal
Director

Ashok Mandal
Finance Controller

Place: Kathmandu, Nepal
Date: 26th Kartik, 2077 (11th November, 2020)

Bottlers Nepal (Terai) Limited
STATEMENT OF CHANGES IN EQUITY
 For the year ended 31st Ashad, 2077 (15th July, 2020)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Actuarial reserve *	Retained Earnings	Total
Balance as at 1st Shrawan 2075	121,000,000	952,000	-	1,865,081,424	1,987,033,424
Profit for the year	-	-	-	453,542,784	453,542,784
Other comprehensive income	-	-	(37,506,840)	-	(37,506,840)
Dividends	-	-	-	(48,400,000)	(48,400,000)
Prior Period Items;					-
Interest and Penalty of VAT on CDL				(13,720,938)	(13,720,938)
Balance as at 31st Ashad, 2076	121,000,000	952,000	(37,506,840)	2,256,503,270	2,340,948,430
Profit for the year	-	-	-	5,629,707	5,629,707
Other comprehensive income	-	-	(26,204,640)	-	(26,204,640)
Dividends	-	-	-	(48,400,000)	(48,400,000)
Prior Period Items;					
Interest and Penalty on Tax	-	-	-	(5,922,711)	(5,922,711)
Balance as at 31st Ashad, 2077	121,000,000	952,000	(63,711,480)	2,207,810,266	2,266,050,786

*Actuarial reserve created out of OCI component - actuarial loss on defined benefit plans.

Reinstatement has been made only in respect of OCI component for FY 75-76 and FY 76-77 due to unavailability of opening actuarial reserve in actuary report for FY 75-76.

For & On Behalf of the Board,

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Neeraj Rimal
Director

Ashok Mandal
Finance Controller

Place: Kathmandu, Nepal
Date: 26th Kartik, 2077 (11th November, 2020)

Bottlers Nepal (Terai) Limited
Significant Accounting Policies and Explanatory Notes
For the year ended 31st Ashad, 2077 (15th July, 2020)

1. Corporate Information

Bottlers Nepal (Terai) Limited (“Company”) is a public limited Company listed on the Nepal Stock Exchange Ltd incorporated under the Companies Act of Nepal. The registered office of the Company is located at Balaju Industrial District, Balaju, Kathmandu, Nepal and regional office is located at Bharatpur, Chitwan, Nepal.

Bottlers Nepal (Terai) Limited is a licensed bottler, marketer and distributor of non-alcoholic beverages products of The Coca-Cola Company, Atlanta. The Board of Directors has approved the financial statements for issue on its meeting held on 11th November 2020 (26th Karthik 2077) and has recommended for approval of shareholders in the forthcoming Annual General Meeting.

2. Basis of Preparation

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board Nepal. These conform, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis.

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company’s financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company’s accounting policies require the management to exercise judgement in making accounting estimates.

2.1 Accounting Pronouncements

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal.

2.2 Accounting Convention

The financial statements are prepared on a historical cost.

2.3 Presentations

The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. The Company classifies an asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The company operating cycle has been defined as twelve-month period.

The statement of profit or loss has been prepared using classification ‘by function’ method.

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The statement of cash flows has been prepared using indirect method. Cash flows from operating activities, in addition to the adjustments from profit for non-cash and non-operating activities, movements in working capital, interest and taxes, separately include cash flows relating to employee bonus and retirement benefits.

2.4 Accounting Policies

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

2.5 Accounting Estimates

The preparation of financial statements in line with applicable NFRS which requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements.

The estimates and the underlying assumptions are reviewed on ongoing basis. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates are reviewed periodically by the management.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.6 Financial periods

The company prepares financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31st Ashad 2077	15 th July 2020
Current Reporting Period	1 st Shrawan 2076 - 31 st Ashad 2077	17 th July 2019- 15 th July 2020
Comparative SFP* Date	31st Ashad 2076	16th July 2019
Comparative reporting period	1st Shrawan 2075 - 31st Ashad 2076	17th July 2018- 16th July 2019

*Statement of Financial Position

2.7 Presentation currency

The company's financial statement is presented in Nepalese Rupees which is also the company's functional currency.

2.8 Lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss statement over the lease term. The Company has leased one plot of godown for 10 years from Green Hand Nepal Pvt. Ltd., Kathmandu. These lease agreements can be extended with mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however both parties have right to review the lease term after the end lease period. Future minimum lease payable under non-cancellable operating leases as at balance sheet date are as follows:

Particulars	Figures in NPR	
	As at 31st Ashad 2077	As at 31st Ashad 2076
Less than One Year	38,635,110	32,376,292
One Year to Five Years	167,191,552	140,364,931
More than Five Years	120,699,739	45,314,712
Total	326,526,401	218,055,935

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3. Intangible Assets

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 1st Shrawan 2076	84,928,379	-	84,928,379
Additions	36,838,662	36,838,662	73,677,324
Disposals/Adjustments	(673,367)	(36,838,662)	(37,512,029)
Balance at 31st Ashad 2077	121,093,674	-	121,093,674
Accumulated Amortisation			
Balance at 1st Shrawan 2076	44,693,672	-	44,693,672
Charge for the year	21,991,689	-	21,991,689
Disposals/Adjustments	(78,560)	-	(78,560)
Balance at 31st Ashad 2077	66,606,801	-	66,606,801
Closing Balance at 31st Ashad 2077	54,486,873	-	54,486,873
Closing Balance at 31st Ashad 2076	40,234,707	-	40,234,707

Intangible assets are recognized on the basis of costs incurred to acquire and bring to use the specific intangible assets such as, software, where it is probable that such asset will generate future economic benefits in excess of its cost.

Computer software costs are amortized based on expected useful life which is estimated as 5 years (the estimate is being reviewed periodically). Costs associated with maintaining software are recognized as expenses as and when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount being greater than its recoverable amount, the assets are considered to be impaired and is written down immediately.

The expenditure incurred in acquisition and installation of new software till the date of commissioning is recognized as intangible under development. Software is capitalized upon successful test run and after meeting recognition criteria.

4. Property, Plant & Equipment

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Opening balance at 1st Shrawan 2076	699,891,102	4,715,505,197	67,075,910	679,171,086	1,107,088,061	17,591,010	534,733,889	7,821,056,257
Additions	661,476,092	95,126,647	5,614,169	193,087,227	149,324,476	-	617,735,866	1,722,364,477
Transfer to asset block					(6,382,121)		(1,104,628,611)	(1,104,628,611)
Disposals	(17,688,663)	(3,889,810)	-	-	-	-	-	(27,960,594)
Adjustments	-	-	-	25,092,790	-	-	-	25,092,790
Closing balance at 31st Ashad 2077	1,343,678,531	4,806,742,034	72,690,079	897,351,103	1,250,030,416	17,591,010	47,841,144	8,435,924,319
Depreciation and impairment losses								
Opening balance at 1st Shrawan 2076	138,965,293	863,702,582	22,595,349	172,258,435	536,118,865	11,217,954	-	1,744,858,478
Charge for the year	30,593,210	233,103,659	4,882,239	93,644,328	168,596,028	-	-	530,819,464
Disposals	(17,330,078)	(404,246)	-	-	(5,610,950)	-	-	(23,345,274)
Adjustments	-	-	-	24,656,365	-	-	-	24,656,365
Closing balance at 31st Ashad 2077	152,228,425	1,096,401,995	27,477,588	290,559,128	699,103,943	11,217,954	-	2,276,989,033
Net Book								
Closing Balance at 31st Ashad 2077	1,191,450,106	3,710,340,039	45,212,491	606,791,975	550,926,473	6,373,056	47,841,144	6,158,935,286
Closing Balance at 31st Ashad 2076	560,925,809	3,851,802,615	44,480,561	506,912,651	570,969,196	6,373,056	534,733,889	6,076,197,779

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Property, Plant and Equipment are initially measured at cost in the statement of financial position. These are inclusive of all cost excluding any recoverable taxes less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets. Property, Plant and Equipment are recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Cost includes the purchase price and other directly attributable costs of Property, Plant and Equipment. Cost also includes the cost of replacing part of the Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. If an item of Property, Plant and Equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NFRS are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1. Management determines that such cost is not material thus are not considered.

Assets under construction are carried at cost, less any recognized impairment loss, if any. Depreciation on these assets will commence when these assets are ready for their intended use and classified under specific asset category.

The company has made a provision for missing/obsolesce assets during previous financial years and its carrying gross value together with the relevant accumulated depreciation has been adjusted in the opening specific block of assets wherever required. Post appropriate approval, the individual item of assets is/will be written off from Fixed Assets Register.

The company has registered first legal mortgage covering all fixed assets including the land and building owned by the company at Plot No. 22, 97, 99, 341, 335, 337, 339, 999, 1001 and 1003 at ward No. 6 Bharatpur Municipality, Chitwan, Nepal in order to avail banking facilities including term loan, Overdraft, Letter of credit etc. Also, the company has provided hypothecation of specific charge over plant and machineries to bank.

4.1 Depreciation

Depreciation on items of Property, Plant and Equipment is calculated on the straight-line method based on the useful life of the assets estimated by the management. Depreciation on additions to Property, Plant and Equipment is provided on pro-rata basis in the year of purchase when the asset is ready to use. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of Property, Plant and Equipment consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life

Particulars	Clubbed under following class of assets	Useful Life (Years)
Building	Building	40
Plant and Machinery	Plant and Machinery	20
Cooler	Cooler	9
Office Equipment	Office Equipment	5
Computer Accessories	Office Equipment	4
Bottles	Containers	5
Crates	Containers	8
Plastic Pallets	Other Assets	5
Furniture and Fixtures	Other Assets	10
Motor Vehicles	Other Assets	5
Other Assets*	Other Assets	10

**Other Assets majorly include transformers, electrical installations and soft drink analyzer.*

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4.1.1 Change in Accounting Estimate

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

4.2 De-recognition

An item of Property, Plant and Equipment is de-recognized on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of Property, Plant and Equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the statement of profit and loss.

4.3 Capital Work in Progress

The expenditure incurred in acquisition and installation of new systems and equipment till the date of commissioning or civil works under construction till the date of completion is recognized as Capital work-in-progress. Equipment are capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used. Coolers and other assets purchased by the company is capitalized in books only after the asset is put to use by the entity for its operations.

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Coolers	15,837,533	36,335,388
Machinery	10,332,837	350,571,470
Crates	6,709,063	-
Post Mix	5,992,550	-
Furniture & Fixtures	4,981,775	-
CO2 Cylinders	2,065,886	-
Plastic Pallets	1,900,000	392,718
IT Equipments	21,500	24,324,267
Construction of Office Block	-	115,274,846
Design - Civil (ASSP Line)	-	7,835,200
Total	47,841,144	534,733,889

4.4 Borrowing Cost

FY 2076-77

The Company has capitalized borrowing cost amounting to NPR 27,690,788 to Property, Plant and Equipment for the year ended 15-July-2020. The asset wise details of borrowing cost included in the costs of major heads of Property, Plant and Equipment are as follows:

Figures in NPR

Particulars	For the year 2076-77
Plant and Machinery	4,746,333
Plant Building	17,398,510
Office Building	5,545,945
Total	27,690,788

FY 2075-76

The Company has capitalized borrowing cost amounting to NPR 91,454,668 to Property, Plant and Equipment for the year ending 16-July-2019. The asset wise details of borrowing cost included in the costs of major heads of Property, Plant and Equipment are as follows:

Figures in NPR

Particulars	For the year 2075-76
Plant and Machinery	88,276,080
Building	337,936
Office Building	20,580
Capital Work in Progress	2,820,072
Total	91,454,668

5. Income Tax

5.1 Current Income Tax

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Current tax on profit for the year	42,606,240	110,273,958
Adjustment for prior periods	(235,640)	16,632,000
Total	42,370,600	126,905,958

5.2 Deferred Tax

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Origination and reversal of temporary differences	(39,742,063)	44,215,611
Total	(39,742,063)	44,215,611

5.3 Deferred Tax Liability

Deferred tax is calculated on temporary differences using the effective future tax rate of 16% (PY 16%). Deferred tax liability has been recognized in respect of all loss and other temporary differences giving rise to deferred tax liability where the management believe it is probable that these assets and liabilities will be adjusted.

FY : 2076 - 77

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	6,075,378,152	4,785,892,553	(1,289,485,599)
2 Intangible Assets	54,486,871	55,591,193	1,104,322
3 Retirement benefit provision	(490,061,973)	-	490,061,973
4 Provision for Expenses to be claimed on actual expenditure	(8,611,918)	-	8,611,918
5 Income tax business loss carry forward	(573,542,371)	-	573,542,371
Total Amount			(216,165,015)
Tax Rate		16%	(34,586,402)
Opening Deferred tax Assets/(Liability)			(79,319,825)
Deferred tax provision recognised			44,733,423
Closing Deferred tax Assets/(Liability)			(34,586,402)
Charge/(Credit) to OCI			(4,991,360)
Charge/(Credit) to PL			(39,742,063)

FY : 2075 - 76

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	5,541,463,890	4,626,862,616	(914,601,274)
2 Provisions for Expenses	(417,463,083)	-	417,463,083
3 Intangible Assets	40,234,707	41,623,989	1,389,282
Total Amount			(495,748,909)
Tax Rate		16%	(79,319,825)
Opening Deferred tax Assets/(Liability)			(44,779,704)
Deferred tax provision recognised			(34,540,121)
Closing Deferred tax Assets/(Liability)			(79,319,825)
Adjustment of PY			2,531,329
Charge/(Credit) to OCI			(7,144,160)
Charge/(Credit) to PL			44,215,610

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5.4 Reconciliation

Reconciliation of current tax expense and the accounting profit multiplied by Company's tax rate for the year.

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Accounting profit before income tax	8,258,244	624,664,353
Adjustment as per Income Tax Act 2058	162,166,716	423,670,303
Total profit as per Income Tax	170,424,960	1,048,334,656
Tax Rate	25%	16%
Current tax expenses	42,606,240	167,733,545

The company is special industry as defined u/s 11 of Income Tax Act 2058, the normal applicable tax rate for which is 20%. Company has further availed rebate of 20% provided to special industries employing 300 or more Nepalese employees during the year. Therefore tax rate applicable for income from special industry is 16%. However, income tax rate for income from other than special industry is applicable for 25%.

During the current year, the entity has incurred loss from special industries and income from non special industry. As per Section 20(1) of Income Tax Act 2058, loss from one business can be set off against income from another business.

6. Non - Current Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Advances to Employees	974,838	6,637,405
Total	974,838	6,637,405

7. Inventories

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Raw materials	683,406,078	451,351,638
Work-in-process	141,023	5,487,144
Finished goods	107,623,129	148,197,508
Consumables	295,627,478	256,088,841
Total	1,086,797,708	861,125,131

Inventories are carried at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses. The cost of obsolescence and other anticipated losses are also considered for determining the net realizable values.

In determining the cost of raw materials and packing materials, First in First Out (FIFO) method is used. Cost of inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities), cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost of consumables, stores and spares weighted average cost method is used.

Cost of finished goods includes the cost of raw materials, packing materials, direct labor and appropriate proportion of fixed and variable production overheads incurred in bringing the inventory to their present location and condition. Finished goods are valued based on weighted average method.

Inventories are presented net of allowance for obsolescence and other possible depletion in value or other losses. Allowance adjustments are made for those inventories identified by management as obsolete based on 10 Year Aging or technical evaluation whichever is earlier.

Inventories have been pledged as lien for the purpose of availing bank overdraft facilities.

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8. Current Non-Financial Assets - Prepayments

These are expenses paid for the period beyond the financial period covered under the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to.

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Prepaid Expenses	79,612,397	61,957,795
Total	79,612,397	61,957,795

8.1 Current Non-Financial Assets - Advances

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Capital Advances	28,178,842	26,312,710
Advance to suppliers	382,429,635	164,448,818
Balances with statutory/Government authorities	160,566,000	95,034,750
Total	571,174,477	285,796,278

8.2 Current Non-Financial Other Assets

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Receivable against unsettled Claims	-	2,887,216
VAT Receivable (Net)	-	-
Total	-	2,887,216

Receivable against unsettled claim consist of amount receivable from tax authorities pertaining to Vat and Excise duty claim of Finished goods stock write off during the year.

8.3 Current Financial Other Assets

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Advances to Employees	8,873,966	2,926,394
Security Deposits	136,800	116,050
Interest Income Receivables	543,504	688,438
Total	9,554,270	3,730,882

These advances are non-interest bearing and are expected to be settled in the normal course of operations.

Financial Instruments: Financial Assets

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity.
- (c) a contractual right:
 - i) to receive cash or another financial asset from another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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Financial assets are classified under four categories as required by NAS 39, namely,

- Fair Value through Profit or Loss,
- Held to Maturity,
- Loans & Receivables and
- Available for Sale.

The company only holds financial assets meeting the recognition criteria of Loans & receivables classification. These instruments are to be recognized at amortized cost using effective interest rate.

Financial assets of the company comprise of advances, other current assets, Trade receivables and cash & cash equivalents. These instruments are mostly non-interest bearing and where interest component is present the implicit interest rate approximates effective interest rate. These instruments are expected to be settled or recovered within a year. Therefore, it is assumed that the carrying amount represents the amortized cost of the assets.

Risks associated with Financial Instrument - Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks. The risk management framework is given in Note 31.

9. Income Tax Receivables

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Advance Income Tax (Net)	15,946,433	23,187,133
Total	15,946,433	23,187,133

10. Trade Receivable

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Trade receivables:		
Secured, considered good	101,738,737	85,138,851
Unsecured considered good	14,448,207	43,709,728
Receivables from other related parties	9,659,321	4,919,716
Total	125,846,265	133,768,295

Bank overdrafts are secured against all receivables.

10.1 Trade Receivables

Trade receivables comprises of amount receivable from our customers and are non-interest bearing and are generally on terms of 15 to 90 days.

Secured trade receivable are against Bank Guarantee provided by the customers.

10.2 Related Parties Transaction

It includes transactions with group companies and key management personnel which are disclosed in Note 30.

10.3 Impairment of financial assets

For allowances, assets with a potential need for a write-down are grouped together based on similar credit risk characteristics, tested collectively for impairment, and written down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

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11. Cash and Cash Equivalents

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Balances with Banks		
- On current accounts	30,726,059	48,963,353
- Deposits accounts	188,932,183	201,998,822
Cash on hand	89,420	230,990
Total	219,747,662	251,193,165
Balances with banks comprises of amount held by the banks as margin money deposits against Letter of Credits	-	13,066,639
Balances with banks comprises of amount held by the banks as Fixed Deposit	188,932,183	188,932,183

Cash at banks earns interest at floating rates based on daily balances.

Short-term deposits are made for varying from one day to three months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The above balances are also considered as the cash & cash equivalents for Statement of Cash Flow purposes.

12. Share Capital

Particulars	As at 31st Ashad 2077		As at 31st Ashad 2076	
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	31,210,000	3,121,000,000	31,210,000	3,121,000,000
Issued and Paid Up				
Ordinary shares of Rs. 100 each	1,210,000	121,000,000	1,210,000	121,000,000
At the beginning of the year	1,210,000	121,000,000	1,210,000	121,000,000
At the end of the year	1,210,000	121,000,000	1,210,000	121,000,000

The shareholding pattern of the company is as follows

Shareholder Category	As at 31st Ashad 2077		As at 31st Ashad 2076	
	No. of Shares	% of holding	No. of Shares	% of holding
Bottlers's Nepal Limited	1,098,472	90.78%	1,098,472	90.78%
Other Shareholders	111,528	9.22%	111,528	9.22%
Total	1,210,000	100.00%	1,210,000	100.00%

Share issue expenses have not been netted off against the capital collected as these pertain to periods of initial establishment of the company and such expenses have been charged off during those periods. The management considers that the cost of obtaining information is more than the benefits derived and the effect of such the amounts to be immaterial.

13. Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Share Premium	952,000	952,000
Retained earnings	2,207,810,266	2,256,503,269
Actuarial Reserve (As per Statement of Changes in Equity)	(63,711,480)	(37,506,840)
Total	2,145,050,786	2,219,948,429

Share premium is used to record the premium on issue of equity shares. These can only be utilized in accordance with the provision of the Companies Act, 2063.

- i) Premium of Rs.20 each on 47,600 ordinary shares.

14. Employee Benefits

Current Employment Benefits

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Salaries, wages and other employee cost		
Cost of goods sold	335,193,810	342,476,484
Selling and distribution expenses	154,132,249	162,839,114
Administrative and operating expenses	45,943,034	51,352,793
Defined Contribution Plan cost		
Cost of goods sold	5,850,008	4,633,772
Selling and distribution expenses	2,373,600	2,572,072
Administrative and operating expenses	147,137	173,941
Defined Benefit Plan Cost		
Cost of goods sold	38,292,168	34,798,047
Selling and distribution expenses	8,237,294	8,291,435
Administrative and operating expenses	4,811,428	5,714,068
Total Employee Cost charged to SoPL for the Period	594,980,728	612,851,726
Actuarial loss on defined benefit plan schemes charged to SoOCI for the Period	31,196,000	44,651,000
Total Employee Cost for the Period	626,176,728	657,502,726

14.1 Post-Employment Benefits

The company operates number of defined benefit and defined contribution plans for its employees of the company. The defined benefit plan of the company includes leave encashment expenses, expenses pertaining to gratuity and other retirement benefits.

FY 2076-77

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	231,079,183	13,538,000	172,845,900	417,463,083
Current Service cost	-	2,275,000	18,559,890	20,834,890
Interest Charge	17,082,000	996,000	12,428,000	30,506,000
Paid	(6,628,000)	(505,000)	(2,805,000)	(9,938,000)
Actuarial (gain)/loss during the year (recognised in OCI)	29,512,000	299,000	1,385,000	31,196,000
Closing Liability	271,045,183	16,603,000	202,413,790	490,061,973
Charge for the period to SoPL	17,082,000	3,271,000	30,987,890	51,340,890
Charge to SoCI	29,512,000	299,000	1,385,000	31,196,000

FY 2075-76

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	188,932,183	9,745,000	129,033,350	327,710,533
Current Service cost	10,145,000	1,973,000	12,621,550	24,739,550
Interest Charge	14,080,000	727,000	9,257,000	24,064,000
Paid	(2,396,000)	(102,000)	(1,204,000)	(3,702,000)
Actuarial (gain)/loss during the year (recognised in OCI)	20,318,000	1,195,000	23,138,000	44,651,000
Closing Liability	231,079,183	13,538,000	172,845,900	417,463,083
Charge for the period to SoPL	24,225,000	2,700,000	21,878,550	48,803,550
Charge to SoCI	20,318,000	1,195,000	23,138,000	44,651,000

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Current and Non-Current Liability Breakup

FY 2076-77

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	47,316,000	937,000	11,370,000	59,623,000
Non Current (Asset)/ Liability	223,729,183	15,666,000	191,043,790	430,438,973
Net (Asset)/Liability as at 31st Ashad 2077	271,045,183	16,603,000	202,413,790	490,061,973

FY 2075-76

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	25,531,000	606,000	3,891,000	30,028,000
Non Current (Asset)/ Liability	205,548,183	12,932,000	168,954,900	387,435,083
Net (Asset)/Liability as at 31st Ashad 2076	231,079,183	13,538,000	172,845,900	417,463,083

14.2 Defined Plan Benefit

The defined benefit plans of the group include Gratuity, Leave Encashment Entitlements and Other Retirement benefits.

14.2.1 Gratuity

Gratuity for existing employees has been provided as per the actuarial assessment. The assessed amount has been recognized as liabilities. The gratuity scheme is computed on below basis: -

A. Gratuity Benefit till 3rd September 2017:

Plan Service Definition	Number of years of service rounded to the nearest integer.
Salary Definition	Last drawn Basic Salary
Vesting period	3 years
Normal Retirement Age	58 years
Benefit on normal retirement/ early retirement/death/ disability in service	Nil for each year of service up to 3 years
	1/2 months' salary of each year of service up to 7 years.
	2/3 months' salary for each year of service for service between 7 and 15 years.
	1 month salary for each year of service for service between 15 and 17 years.
Benefit on withdrawal	1 month 5 days' salary for each year of service for the service over 17 years.
	Nil for each year of service up to 3 years
	1/2 months' salary of each year of service up to 7 years.
	2/3 months' salary for each year of service for service between 7 and 15 years.
Maximum Limit	1 month salary for each year of service for service between 15 and 17 years.
	1 month 5 days' salary for each year of service for the service over 20 years.
Tax on Gratuity*	No Limit
	15%, borne by the company

*The tax under gratuity scheme is applicable to the accrued service post 31st March 2002 and is payable at a flat rate of 15% of the benefit using gross up approach. Hence, any service prior to 31st March 2002 does not attract any tax.

B. Gratuity Benefit on or after 4th September 2017:

Plan Service Definition	Number of years of service rounded to the nearest integer.
Salary Definition	Last drawn Basic Salary
Vesting period	No vesting applicable
Normal Retirement Age	58 years
Benefit on normal retirement/ early retirement/death/ disability in service	8.33 % of Basic Salary per month for each year of service
Benefit on withdrawal	8.33 % of Basic Salary per month for each year of service
Maximum Limit	Accumulated Corpus

As per Section 53 of Labour Act 2074, minimum 8.33% of basic salary shall be provided to employees as gratuity after 3rd September 2017 from date of service. As per Collective Bargaining Agreement (CBA) entered by the company with its employees, any employee completing 17 years of service at the time of retirement (20 years in case of withdrawal) will be eligible for 35 days of benefit. Employees falling under this criteria will receive benefit as per CBA, which is beneficial over the benefit provided as per Labour Act 2074. Company has provided for entire gratuity provision based on actuarial valuation.

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14.2.2 Leave Encashment

Leave encashment has been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long-term obligations at the end of each reporting period. Sick leave of 1.5 times the last drawn monthly basic salary is paid to employee. The maximum accumulation allowed is 30 days.

14.2.3 Other Retirement Benefits

Other retirement benefits include three days' basic salary computed based on completion of 17 yrs. compulsory retirement or 20 years of completion of service for withdrawal and gold coin at compulsory retirement. Other retirement benefits have been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long-term obligations at the end of each reporting period.

14.2.4 Sensitivity Analysis

Figures in NPR					
2076-77	Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
	Effect on DBO due to 0.5% increase in discount rate	(6,533,000)	(736,000)	(8,203,000)	(15,472,000)
	Effect on DBO due to 0.5% decrease in discount rate	6,927,000	800,000	8,919,000	16,646,000
	Effect on DBO due to 0.5% increase in salary escalation rate	6,176,000	780,000	8,671,000	15,627,000
	Effect on DBO due to 0.5% decrease in salary escalation rate	(5,885,000)	(724,000)	(8,063,000)	(14,672,000)

Figures in NPR					
2075-76	Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
	Effect on DBO due to 0.5% increase in discount rate	(5,681,000)	(585,000)	(7,287,000)	(13,553,000)
	Effect on DBO due to 0.5% decrease in discount rate	5,974,000	644,000	7,902,000	14,520,000
	Effect on DBO due to 0.5% increase in salary escalation rate	5,318,000	595,000	7,286,000	13,199,000
	Effect on DBO due to 0.5% decrease in salary escalation rate	(5,112,000)	(554,000)	(6,796,000)	(12,462,000)

The above sensitivity analysis is based on a change in an assumption while holding all other assumption constant. In practice, this is unlikely to occur and changes in some of the assumption is correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognized in the balance sheet.

14.2.5 Actuarial Assumptions

Particulars	For the Year 2076-77	For the Year 2075-76
Financial Assumptions		
Discount rate (%)	7.50%	7.50%
Salary escalation rate	10.00%	10.00%
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years
Demographic Assumptions		
Mortality	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%

14.2.6 Defined Benefit Plan Assets

Defined benefit obligations are not funded and there are no Defined Benefit Plan Assets. The company is in the process of creating a separate fund for meeting the defined benefit obligations.

14.3 Defined Contribution Plan

The defined contribution expenses include employer's contribution to provident fund. These amounts have been deposited in Employee Provident Fund, a 100% Government of Nepal undertaking.

15. Financial Instruments - Financial Liabilities

A financial liability is any liability that is:

- (a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The company classifies financial liabilities as Fair Value through Profit or Loss and those Held at Amortized Cost. All financial liabilities held by the company are classified as financial liabilities held at amortized cost using effective interest rate.

Financial liabilities held by the company are both interest bearing and non-interest bearing.

For interest bearing financial liabilities which comprises of the bank loans, interest charged by the bank approximates effective interest rate and the rate is considered for calculation of amortized cost of liability and the finance cost. The effect of initial charges and its impact on effective interest rate is considered not material and the carrying value is considered to approximate the amortized cost.

Financial Liabilities

15.1 Non-Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Secured Bank Loan	2,270,407,009	1,528,958,221
Less: Current Maturity Portion	(570,000,000)	(570,000,000)
Total	1,700,407,009	958,958,221

15.2 Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Bank Overdrafts	1,025,573,508	529,290,236
Current Portion of Term Loan	570,000,000	570,000,000
Loan from BNL	650,000,000	500,000,000
Total	2,245,573,508	1,599,290,236

Short term bank overdraft carries interest at the rate 9.15% to 9.78% Pa. during the year and repayable on demand.

Bank Overdraft are secured against all movable properties/Current assets including inventory & trade Receivables.

The Company has obtained loan from Bottlers Nepal Limited as per Agreement made on 12th Feb 2018 (Amended on 10th July 2019). Interest on Outstanding Principal amount of loan shall accrue at the interest rate of not less than the prevailing bank rate (Standard Chartered Bank, Nepal) at the time of payment.

15.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Trade Payable	388,360,125	1,021,158,785
Trade Payable to related parties	375,288,451	416,115,183
Total	763,648,576	1,437,273,968

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Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risks. The risk management framework is given in Note 31.

16. Other Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Container deposit liability	513,386,926	480,256,106
Corporate Social Responsibility	9,320,985	10,789,706
Trade Deposits	2,249,430	1,974,430
Employee related accruals	5,228,660	8,668,708
Bonus Payable	825,823	63,136,186
Provision for Expenses	148,155,192	193,581,753
Statutory dues payable	107,796,715	118,617,136
Interest Payables	12,200,612	8,412,395
VAT Payable (Net)	1,604,992	1,977,423
Total	800,769,335	887,413,843

Breakup of provision for expenses:

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Provision_General	64,427,694	117,724,713
Provision_Freight	3,235,560	809,672
Provision_Discount	47,552,382	56,876,019
Provision_DME	6,498,000	11,772,220
Provision_Leakage & BBD	26,441,556	6,399,129
Total	148,155,192	193,581,753

Provisions are recognized when the company has a present obligation, legal or constructive, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of obligation. If these conditions are not met, no provision is recognized.

The amount of provision recognized is the management's best estimate of expenditure required to settle the present obligation at the reporting date.

Corporate Social Responsibility

CSR Provision is accounted as per Industrial Enterprises Act 2020 (2076 BS) (the "Act") has been introduced with effect from February 11, 2020 repealing the Industrial Enterprises Act 2016 (2073 BS) (the "Previous Act").

Section 54 of Industrial Enterprises Act 2020 (2076 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement").

The fund created for CSR is to be utilized on the basis of annual plans and programs in the sectors that are prescribed under the Act. The progress report of the utilization of the fund collected for CSR is required to be submitted to the Department of Industries registered within six months from expiry of the financial year.

The company has provided provision for CSR at the rate of 1% of profit before tax amounting to Rs 74,324 for FY 76-77.

Changes in provision

Management reviews provisions at each reporting date and is adjusted to reflect the best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

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17. Other Non- Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076
Advance received from distributors	21,978,620	26,048,181
Total	21,978,620	26,048,181

18. Revenue

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Sale of goods	5,282,715,335	6,274,168,758
Less: Discount	(589,365,907)	(692,783,369)
Total	4,693,349,428	5,581,385,389

18.1 Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities are met i.e. when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue include all revenue from ordinary activities of the company that are recorded net of Value Added Taxes and Excise Duty collected from the customer that are remitted or are to be remitted to the government authorities.

The company generates revenue from sale of goods in the ordinary course of business.

19. Cost of goods sold

Particulars	For the Year 2076-77	For the Year 2075-76
Material consumed		
Raw materials		
At 1st Shrawan	451,351,638	480,621,674
Purchase	2,463,692,755	2,928,418,087
Less: Transfer to Bottlers Nepal Ltd.	(4,784,220)	(111,404,698)
At 31st Ashad	(683,406,078)	(451,351,638)
Total raw material consumed	2,226,854,095	2,846,283,425
Work in process		
At 1st Shrawan	5,487,144	6,250,417
At 31st Ashad	(141,023)	(5,487,144)
Net change in work-in-process	5,346,121	763,273
Production and manufacturing overheads	1,230,280,715	1,075,044,390
Finished goods		
At 1st Shrawan	148,197,508	79,454,252
At 31st Ashad	(107,623,129)	(148,197,508)
Net change in finished goods	40,574,379	(68,743,256)
Cost of goods sold	3,503,055,310	3,853,347,832

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19.1 Production and Manufacturing Overheads

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Salaries, wages and other employee cost	335,193,810	342,476,484
Sick Leave	2,329,000	1,868,000
Provident fund	5,850,008	4,633,772
Gratuity	12,344,000	16,796,000
Other retirement benefits	23,619,168	16,134,047
Travel and transport costs	7,887,738	12,743,589
Repair and maintenance	100,889,479	126,450,641
Office expenses	23,566,121	20,938,430
Consumables	45,387,988	57,264,553
(Gain)/Loss on sale/write off of Property, Plant and Equipment	(572,361)	1,983,029
Power & Fuel	116,502,445	131,328,130
Legal and other professional fees	432,779	772,321
Depreciation on Property, Plant and Equipment	442,281,374	346,884,076
Amortization of Intangible Assets	20,960,742	16,166,473
Exchange (Gain)/Loss	93,608,424	(21,395,155)
Total	1,230,280,715	1,075,044,390

20. Other Operating Income

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Product transfer fee	34,961,566	105,779,430
Sale of Scrap	13,553,416	19,348,521
Miscellaneous Income	106,102,819	104,666,549
Total	154,617,801	229,794,500

20.1 Product Transfer Fee

The Company and Bottlers Nepal Ltd, its Parent Company, can sell their products in their respective market territories only. In respect of sales made by the Company and its holding, in market territory of the other Company, a product transfer fee (gross) at the rate of 12 % (Previous year 12 %) of net liquid sales revenue is recovered/ paid. Product transfer service fee is recognized/ charged to income statement as and when sale of goods is affected as per above clause.

20.2 Sale of Scrap

Items included under this income are towards sale amount realized from sale of scraps.

20.3 Miscellaneous Income

Miscellaneous income includes charges recovered from customer on account of handling loss of Glass bottles, Container deposit liability Write-off amount and liquidated damages received from vendor.

The company generates revenue from sale of goods in the ordinary course of business.

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21. Selling and Distribution Expenses

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Salaries, wages and other employee cost	154,132,249	162,839,114
Sick Leave	593,000	516,000
Provident fund	2,373,600	2,572,072
Gratuity	2,207,000	3,601,000
Other retirement benefits	5,437,294	4,174,435
Travel and transport costs	13,649,683	21,431,470
Repair and maintenance	16,075,429	20,148,269
Office expenses	21,549,696	17,373,453
Communication expenses	17,323,852	1,124,371
Utilities	51,599,181	52,335,294
Freight Charges	306,622,223	415,598,410
Liquid leakages and damages	110,351,419	185,525,516
Sales promotion expenses	54,412,831	95,983,531
Other miscellaneous expenses	3,436,462	27,049,281
Depreciation on Property, Plant and Equipment	77,262,546	60,597,502
Amortization of Intangible Assets	49,512	38,187
Product transfer fees	64,641,593	57,171,895
Total	901,717,570	1,128,079,800

22. Administrative and Operating Expenses

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Salaries, wages and other employee cost	45,943,034	51,352,793
Sick Leave	349,000	316,000
Provident fund	147,137	173,941
Gratuity	2,531,000	3,828,000
Other retirement benefits	1,931,428	1,570,068
Travel and transport costs	4,693,524	7,369,337
Repair and maintenance	4,194,725	5,257,491
Office expenses	32,491,291	33,568,670
Bank charges	4,099,947	5,252,698
Audit fees	400,000	300,000
Legal and other professional fees	3,588,409	11,402,815
Communication expenses	21,779,708	8,913,772
Utilities	1,753,302	1,266,362
Depreciation on property, plant and equipment	11,275,543	8,843,480
Amortization of Intangible Assets	981,436	756,956
Corporate Social Responsibility	74,324	5,682,257
Public Affairs and Communication (PAC) expenses	-	(3,041,453)
Security Expenses	14,417,759	15,980,505
Board and AGM expenses	288,440	135,000
Other miscellaneous expenses	1,011,678	2,394,706
Total	151,951,685	161,323,398

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22.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Statutory Audit Fees	400,000	300,000
Allowances	-	416,000
Total	400,000	716,000

23. Finance Cost

Finance costs comprises of interest on Term Loan, short term borrowings in the form of bank overdrafts, LC loan & Inter-company loan. All these costs are carried at amortized cost using effective interest rate as required by NAS 39.

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Interest on Term Loan	209,600,684	98,500,867
Interest on Overdraft	46,087,253	39,674,277
Interest on LC loan	8,272,517	-
Interest on Inter Company Loan	62,521,924	13,452,192
Less; Interest Capitalized	(27,690,788)	(91,454,668)
Total	298,791,590	60,172,668

24. Finance Income

Figures in NPR

Particulars	For the Year 2076-77	For the Year 2075-76
Interest income	15,807,170	16,408,162
Total	15,807,170	16,408,162

24.1 Interest Income

Interest income has been recognized using effective interest method as required by NAS 39.

25. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Figures in NPR

Particulars	For the year 2076-77	For the year 2075-76
Numerator		
Profit for the year and earnings used in basic EPS (NPR)	5,629,707	453,542,784
Earnings used in Basic and diluted EPS		
Denominator		
Weighted average number of shares used in basic EPS (Nos)	1,210,000	1,210,000
Basic and diluted earnings per share (NPR)	5	375

26. Dividend Paid and Proposed

Figures in NPR

Particulars	For the year 2076-77	For the year 2075-76
Declared and paid during the year:		
Dividends on ordinary shares: Final dividend for 2075-76: Rs.40 per share for 74-75: Rs 40 Per Share	48,400,000	48,400,000
Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):		
Dividends on ordinary shares:		
2076-77: Rs 0 per Share	-	-
2075-76: Rs 0 per Share	-	48,400,000

27. Contingent Liabilities and Capital Commitment

27.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

27.2 Corporate Tax Matters

- i. LTO assessed the income tax, TDS and VAT liabilities of the company for 2066-67. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	5,393,862	14,164	5,379,698	1,186,596
TDS	4,510,857	255,194	4,255,663	1,164,270
VAT	20,397,706	12,172,084	8,225,622	822,093
Total	30,302,425	12,441,442	17,860,983	3,172,959

- ii. LTO assessed the income tax, TDS and VAT liabilities of the company for 2067-68. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	11,469,425	-	11,469,425	-
TDS	24,018,811	121,490	23,897,321	4,421,491
VAT	3,869,900	-	3,869,900	443,439
Total	39,358,136	121,490	39,236,646	4,864,930

- iii. LTO assessed the income tax, TDS and VAT liabilities of the company for 2068-69. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	30,782,794	238,286	30,544,508	4,347,518
TDS	39,993,762	100,687	39,893,075	5,998,458
VAT	830,566	830,566	-	-
Total	71,607,122	1,169,539	70,437,583	10,345,976

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- iv. LTO assessed the income tax, TDS and VAT liabilities of the company for 2069-70. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	50,128,084	1,032,171	49,095,913	-
TDS	75,154,450	123,929	75,030,521	15,026,536
VAT	26,523	26,523	-	-
Total	125,309,057	1,182,623	124,126,434	15,026,536

- v. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2070-71. For the unaccepted amount, the company has filed the case at Revenue Tribunal. Pending decision from the Tribunal, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below

Figures in NPR

Particulars	Additional Demand	Accepted Amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	47,213,938	22,776,663	24,437,275	2,800,049
TDS	9,238,997	483,000	8,755,997	1,482,390
VAT	35,661,144	2,109,057	33,552,087	5,633,538
Total	92,114,079	25,368,720	66,745,359	9,915,977

- vi. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2071-72. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	159,844,396	5,254,246	154,590,150	17,772,504
TDS	68,550,836	24,213	68,526,623	7,878,163
VAT	43,900,619	4,895,328	39,005,291	4,484,171
Total	272,295,851	10,173,787	262,122,064	30,134,838
Grand total	630,986,670	50,457,601	580,529,069	73,461,216

27.3 Commitment

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets. These amounts are not recorded in the statement of financial position since the company has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

The Capital Commitments of the company for the FY 2076/77 is shown below:

At end of financial year 2076/77, the Company had capital commitments of Rs. 132,848,223 (Previous FY 2075/76 Rs. 279,945,013) relating to various small projects.

28. Interim Reporting

Interim reports have been publicly reported in accordance with the requirement of SEBON and NEPSE. These requirements are materially aligned with the requirements of NAS 34.

29. Segment Reporting

The Company has only one “business segment” i.e. dealing in “non-alcoholic beverage”. The non-alcoholic beverage business mainly consists of products like carbonated soft drinks in different flavors. All these products have similar risks and returns because of similar nature of products, common consumer segments, similar production processes and common distribution channel. Further, internal organizational and management structure and its system of internal financial reporting of the Company is not based on product or geographical differentiation.

30. Related Party Transactions

Relationship

The company identified related parties on the following lines

1. Part of the Group
 - a. Parent company, ultimate parent
 - b. Other Subsidiaries of the parent / ultimate parent
 - c. Subsidiaries of the company
2. Directors and their relatives
3. Key management personnel and their relatives

30.1 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company.

There have no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the company’s regulations.

FY 2076-77

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & Facilities	-	255,000	-	255,000
Key Managers	7,433,825	11,785,140	-	19,218,965
Total	7,433,825	12,040,140	-	19,473,965

FY 2075-76

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & Facilities	-	135,000	-	135,000
Key Managers	6,930,042	6,213,534	202,396	13,345,972
Total	6,930,042	6,348,534	202,396	13,480,972

Additional Information

- a) Key management personnel are also provided with following benefits:
 - i) All Manager of the Company are provided vehicle allowance as per Company Policy
 - II) Furnished apartments are provided to all expatriate staffs.
 - III) Performance bonus based on individual, Division and overall Country performance.
- b) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Also, the liabilities for defined benefit plans excluding expatriates staff (i.e. gratuity and other retirement benefits) and leave encashment are provided on an actuarial basis for the company as a whole, so the amounts pertaining to the key management personnel are not included above.

30.2 Other Related Party Transaction and Balances

Figures in NPR

RELATED PARTY TRANSACTIONS	For the year 2076-77	For the year 2075-76
Sale to related parties:		
Sale of various materials to Bottlers Nepal Limited (at cost)	4,784,220	111,404,698
Purchases from related parties:		
Purchase of various materials from Bottlers Nepal Limited (at Cost)	1,690,103	74,460,036
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	1,740,338,037	1,457,943,737
Product transfer fee:		
Received from Bottlers Nepal Limited	34,961,566	105,779,430
Paid to Bottlers Nepal Limited	64,641,593	57,171,895
Management Fee Paid to Bottlers Nepal Limited	125,209,414	114,871,021
Dividend paid to Bottlers Nepal Limited	41,741,936	41,741,936
Interest paid to Bottlers Nepal (Terai) Ltd on loan	62,521,924	13,452,192
Purchase of asset (Coolers) from Bottlers Nepal Ltd. (at cost)	11,854,543	-
Amounts owed by related parties:		
Bottlers Nepal Limited - Parent company	8,822,981	4,919,716
Troika Traders Pvt. Ltd - Other related party	836,340	-
Amounts owed to related parties:		
Troika Traders Pvt. Ltd.- Other related party	-	354,755
Pacific Refreshment - other related party	312,786,656	415,760,428
Hindustan CCBPL	62,501,795	-

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

31 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets comprise trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

31.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

31.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank overdraft and short term deposits.

The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

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31.1.2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The Company manages its foreign currency risk by not holding the receivables and payables in foreign currencies for long durations.

31.1.3 Commodity Price Risk

The Company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of raw materials and therefore require a continuous supply of the same.

The Company manages this risk by purchasing materials and supplies from the suppliers identified by the group and the Company has long term relation with the suppliers.

31.2 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

31.2.1 Trade Receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed, and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and shipments to major customers are generally covered by bank guarantees.

31.2.2 Cash Deposits

Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

31.3 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through cash forecast.

The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts and bank loans. Access to sources of funding is sufficient.

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31.4 Risk Management Framework

Contractual maturities of undiscounted cash flows of financial assets and financial liabilities are provided below.

FY 2076-77

Particulars	Within 1 Year Rs.	1-5 Years Rs.	More than 5 Years Rs.	No stated Maturity Rs.	Total Rs.
Financial Assets:					
Advances to Employees	8,873,966	974,838	-	-	9,848,804
Security Deposits	-	-	-	136,800	136,800
Interest Receivable(FD)	543,504	-	-	-	543,504
Trade receivables	125,846,265	-	-	-	125,846,265
Cash and Cash Equivalents	219,747,662	-	-	-	219,747,662
Total	355,011,397	974,838	-	136,800	356,123,035
Financial Liabilities:					
Bank overdrafts	-	-	-	1,025,573,508	1,025,573,508
Loan from BNL	650,000,000	-	-	-	650,000,000
Secured Bank Loan	570,000,000	1,700,407,009	-	-	2,270,407,009
Trade Payable	763,648,576	-	-	-	763,648,576
Container deposit liability	-	-	-	513,386,926	513,386,926
Corporate Social Responsibility	9,320,985	-	-	-	9,320,985
Trade Deposits	-	-	-	2,249,430	2,249,430
Employee related accruals	5,228,660	-	-	-	5,228,660
Bonus Payable	825,823	-	-	-	825,823
Provision for Expenses	148,155,192	-	-	-	148,155,192
Statutory dues payable	107,796,715	-	-	-	107,796,715
Interest payables	12,200,612	-	-	-	12,200,612
VAT Payable (Net)	1,604,992	-	-	-	1,604,992
Gratuity	47,316,000	-	-	223,729,183	271,045,183
Leave Encashment	937,000	-	-	15,666,000	16,603,000
Other Retirement Benefits	11,370,000	-	-	191,043,790	202,413,790
Total	2,328,404,555	1,700,407,009	-	1,971,648,837	6,000,460,401
Net Financial Assets	(1,973,393,158)	(1,699,432,171)	-	(1,971,512,037)	(5,644,337,366)

FY 2075-76

Particulars	Within 1 Year Rs.	1-5 Years Rs.	More than 5 Years Rs.	No stated Maturity Rs.	Total Rs.
Financial Assets:					
Advances to Employees	2,926,394	6,637,405	-	-	9,563,799
Security Deposits	-	-	-	116,050	116,050
Interest Receivable(FD)	688,438	-	-	-	688,438
Trade receivables	133,768,295	-	-	-	133,768,295
Cash and Cash Equivalents	251,193,165	-	-	-	251,193,165
Total	388,576,292	6,637,405	-	116,050	395,329,747
Financial Liabilities:					
Bank overdrafts	-	-	-	529,290,236	529,290,236
Loan from BNL	500,000,000	-	-	-	500,000,000
Secured Bank Loan	570,000,000	958,958,221	-	-	1,528,958,221
Trade Payable	1,437,273,968	-	-	-	1,437,273,968
Container deposit liability	-	-	-	480,256,106	480,256,106
Corporate Social Responsibility	10,789,706	-	-	-	10,789,706
Trade Deposits	-	-	-	1,974,430	1,974,430
Employee related accruals	8,668,708	-	-	-	8,668,708
Bonus Payable	63,136,186	-	-	-	63,136,186
Provision for Expenses	193,581,753	-	-	-	193,581,753
Statutory dues payable	118,617,136	-	-	-	118,617,136
Advance against unsettled Claims	-	-	-	-	-
Interest payables	8,412,395	-	-	-	8,412,395
VAT Payable (Net)	1,977,423	-	-	-	1,977,423
Gratuity	25,531,000	-	-	205,548,183	231,079,183
Leave Encashment	606,000	-	-	12,932,000	13,538,000
Other Retirement Benefits	3,891,000	-	-	168,954,900	172,845,900
Total	2,942,485,275	958,958,221	-	1,398,955,855	5,300,399,351
Net Financial Assets	(2,553,908,983)	(952,320,816)	-	(1,398,839,805)	(4,905,069,604)

32. Impact of COVID 19 on financial statements:

The Government of Nepal had announced complete lockdown from March 24, 2020 (F/Y 2076/77) onwards to control the spread of COVID-19 pandemic in the country which happens to be peak sales season for the company. The management has assessed the effect of lockdown and is of the view that the lockdown has significantly impacted sales and profit for the current year and will also have effect on revenue and operating result of the company to some extent for next year.

The spread of COVID-19 pandemic has severe impact on global economies including Nepal where businesses were being forced to cease or limit operations resulting in an economic slowdown. Although, the Government has responded with monetary and fiscal interventions to stabilize the economic conditions, there is not much relief available to the Company as on date of issue of these financial statements. Further, the company has assessed its ability to continue as a going concern and reached to a conclusion that there is no significant risk of going concern in near future in view of company's sound financial health and recovery of business volume post balance sheet date at pre- COVID-level.

For & On Behalf of the Board,

As per our attached report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Neeraj Rimal
Director

Ashok Mandal
Finance Controller

Place: Kathmandu, Nepal
Date: 26th Kartik, 2077 (11th November, 2020)

CORPORATE INFORMATION

COMPANY NAME:

Bottlers Nepal (Terai) Limited

REGISTRATION NUMBER: **98818**

LEGAL FORM:

Listed Public Company

STOCK EXCHANGE LISTING:

Nepal Stock Exchange as "BNT"

REGISTERED ADDRESS:

Balaju Industrial District, Balaju, Kathmandu, Nepal

INDUSTRY ADDRESS:

Gondrang, Bharatpur, Nepal

BOARD OF DIRECTORS:

Ms. Shukla Wassan- Chairperson

Mr. Mohamed Amin Ghoneim- Director

Mr. Melvin Tan Chun Pin- Director

Mr. Gunjan Dhawan- Director

Mr. Surendra Silwal- Director

Mr. Neeraj Rimal- Director

Mr. Pramod Kumar Karki- Independent Director

COMPANY SECRETARY:

Ms. Pratima Burma

STATUTORY AUDITORS:

M/s B.K. Agrawal & Co. Chartered Accountants

SHARE REGISTRAR:

M/s Nabil Investment Banking Limited

BANKING PARTNERS:

M/s Standard Chartered Nepal Limited

M/s NMB Bank Limited

M/s Nepal Bank Limited

M/s NIC Asia Bank Limited

M/s Everest Bank Limited

M/s Nepal Bangladesh Bank Limited

M/s Rastriya Banijya Bank Limited

INSURANCE PARTNERS:

M/s Shikhar Insurance Company Limited



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